Unemployment Insurance Review

October 1964

Interstate Benefit Payments

Interstate Benefit Payment Plans
The New IB Training Program and Manual
Selective Claims Processing
New Jersey's Interstate Claims Operations

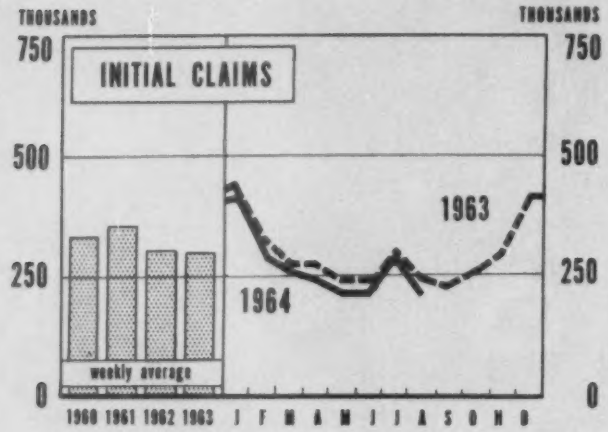
Also . . .

ISSA 15th General Assembly—Conclusions Adopted

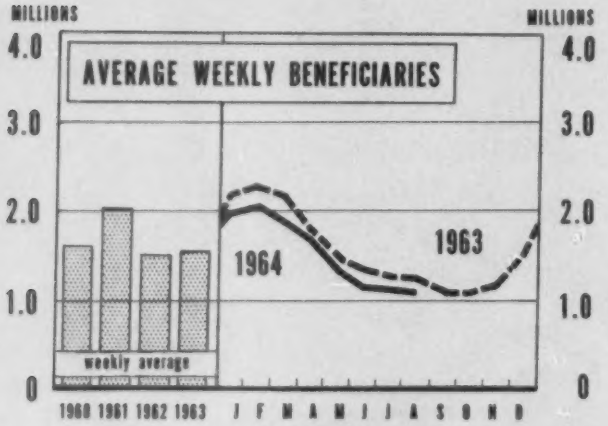
UNITED STATES DEPARTMENT OF LABOR MANPOWER ADMINISTRATION

UNEMPLOYMENT INSURANCE ACTIVITIES

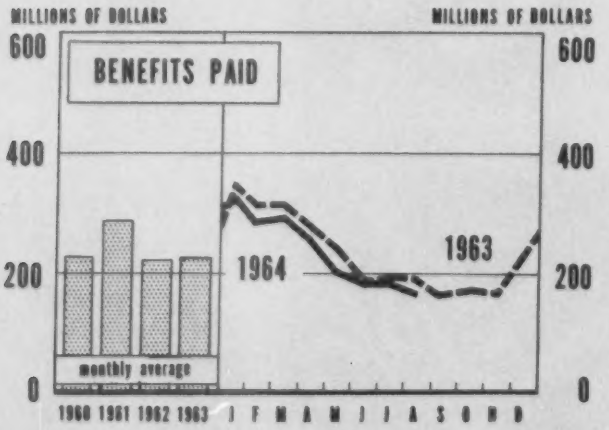
UNDER STATE PROGRAMS



During August, the average weekly volume of initial claims at 212,200—70,000 below July—was the lowest for any month since September 1959. For the period January–August 1964, initial claims averaged 26,000 less per month than for the comparable time in 1963.



A weekly average of 1.1 million beneficiaries received payments under regular State unemployment insurance programs in August. This marks the third successive month that the volume has remained at this level. A year ago, the volume was 1.2 million.



The amount of benefits paid to insured unemployed workers under State unemployment insurance programs totaled $165 million in August, compared with $181 million in July and $187 million a year earlier. During January–August 1964, a total of $1.9 billion was disbursed under State programs, compared with $2.1 billion for the same period a year earlier.

Unemployment Insurance Review

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U.S. DEPARTMENT OF LABOR
W. Willard Wirtz, Secretary

MANPOWER ADMINISTRATION
John C. Donovan, Administrator

BUREAU OF EMPLOYMENT SECURITY
Robert C. Goodwin, Administrator

UNEMPLOYMENT INSURANCE SERVICE
William U. Norwood, Jr., Director

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The UIS Director Comments

STUDENTS of public administration often describe the American unemployment insurance system as unique among our governmental institutions. This conclusion is based usually on the blending of Federal and State interests and participation devised by the Social Security Act's framers for the program—the Federal tax offset device that brought about the States' prompt enactment of unemployment insurance laws, the 100-percent Federal administrative grants providing to the States prospects of adequate operating resources, and the basic Federal standards accompanying both these features of the system.

These provisions of the Federal law and their contribution to the character of the system are unquestionably important. Another key ingredient—the Interstate Benefit Payment Plan—was not and is not in the Federal laws, although it has been a significant factor in making the system different from other Government programs and effective in achieving desired objectives.

In some respects, the IB plan may be even more novel than the basic unemployment insurance system it serves. As noted, the plan's immediate origins are not found in any Federal law. A generation after passage of the Social Security Act in 1935, it may seem hardly credible that its UI titles did not include provision to assure that a State would pay benefits to individuals who filed claims in another State. Such an omission seems strange in a country whose system of government gives its citizens the widest latitude for geographic mobility. Reasons for the lack of such provisions are no longer clear. Whether omitted because of questions of constitutionality, acceptability by the States, doubts as to workability, or the impossibility of anticipating precisely the content of the not-yet-enacted State laws and how they would work, the fact remains that the Federal law was silent on this question.

When steps were taken to implement the UI titles of the law, it was clear that the gap was intolerable and that the program could not wait for further Federal legislation to correct it. It was widely recognized that severe criticism would result if a State's borders became an obstacle to payment of benefits to an otherwise eligible worker merely because he had gone to another State searching for work. The States acted in October 1937 to adopt the Interstate Benefit Payment Plan and by the end of that fiscal year 42 States had signed the agreement.

Adoption and implementation of the IB plan is a high point in the history of interstate cooperation. It is the only instance in the social insurance field where State action made a single national system out of a conglomerate of individual State programs.

A further unique aspect of the IB program is the operating role played by the Committee on Interstate Benefit Payments of the Interstate Conference of Employment Security Agencies. The States have entrusted the committee with authority to develop and recommend standard forms, procedures, and regulations and to settle disputes among the States arising out of the interstate agreements. With the assistance of the Bureau and its technicians, that committee has effectively implemented the IB program. Nothing comparable to the operations of this committee exists in any other area of State government.

While the major breakthrough of the UI program into the sphere of interstate cooperative activity came with the IB plan, it did not stop there but continued into the two wage combining plans—basic and extended—and three reciprocal coverage agreements—Interstate, Maritime, and Great Lakes. A first step in international cooperation in UI was taken when the IB plan was extended, on a reciprocal basis, to Canada.

The States' concerted actions to support worker mobility and to prevent criticism that their UI laws impeded such mobility have continued to be basic measures of the successes of the IB program and of its failures. That there have been both failures and successes is understandable. Most encouraging has been the widespread reaction that the failures were unnecessary and that, given reasonable time and effort, they could be avoided.

Interstate Benefit Payments

The four articles that follow discuss aspects of the operations and procedures of the Interstate Benefit Payment Plans for unemployment insurance.

Interstate Benefit Payment Plans

*Charles E. Evitts**

SINCE the beginning of the unemployment insurance program it has been realized by the States that a common goal exists—the prompt payment of benefits to insured workers who are unemployed through no fault of their own—and that accomplishment of this goal has been hindered by problems stemming from substantial variations in the State laws.

The initial attempt to solve these problems was made in May 1938, when the original agreement, The Interstate Benefit Plan, became effective. All of the States have subscribed to this agreement. The basic concept was thus established—that a worker who has accumulated benefit rights in any State (the liable State) can file a claim in any other State (the agent State); that the agent State will accept and document the claim and transmit the necessary information to the liable State; that the liable State will make a determination promptly; and, if the claimant is eligible, will authorize the payment of benefits.

The Various Agreements

To keep pace with the increasing mobility of the labor force, which is one of the acknowledged strengths of the American economy, the States have furthered the effectiveness of the original IB concept by subscribing to additional voluntary agreements.

Eight agreements are now in effect: The Interstate Benefit Payment Plan (1938); The Extension of the Interstate Benefit Plan to Canada (1942); The Interstate Reciprocal Coverage Arrangement (1944); The Basic Interstate Wage Combining Plan (1945); The Interstate Maritime Reciprocal Arrangement (1946); The Interstate Great Lakes Reciprocal Arrangement (1946); The Extended Arrangement for Combining Wages (1956); and The IB Payment Agreement With Puerto Rico. The table on page 2 lists the participating States.

The IB Committee

The standard forms and procedures governing the conduct of the IB program are prescribed by the Interstate Benefit Payments Committee—a standing committee established by the constitution of the Interstate Conference of Employment Security Agencies and the Interstate Benefit Payment Plan. Broad authority to implement the plan is assigned to the Committee, which also has responsibility for various other interstate agreements such as those for wage combining and reciprocal coverage. In addition to prescribing procedures and forms, the Committee periodically evaluates the effectiveness of the programs and the performance of the States. The IB Committee operates under the direction and control of the National Executive Committee of the Interstate Conference, which approves the Conference President's appointment of members. A Committee member is appointed from each of the 13 Interstate Conference regions.

INTERSTATE CONFERENCE OF EMPLOYMENT SECURITY AGENCIES

*Region I*_____	Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont
*Region II*_____	New Jersey, New York, Puerto Rico
*Region III*____	Delaware, Pennsylvania
*Region IV*____	District of Columbia, Maryland, North Carolina, Virginia, West Virginia
*Region V*_____	Alabama, Florida, Georgia, Mississippi, South Carolina, Tennessee
*Region VI*____	Kentucky, Michigan, Ohio
*Region VII*___	Illinois, Indiana, Wisconsin
*Region VIII*__	Minnesota, Montana, North Dakota, South Dakota
*Region IX*____	Iowa, Kansas, Missouri, Nebraska
*Region X*_____	Arkansas, Louisiana, Oklahoma, Texas
*Region XI*____	Colorado, New Mexico, Utah, Wyoming
*Region XII*___	Arizona, California, Hawaii, Nevada
*Region XIII*__	Alaska, Idaho, Oregon, Washington

*Office of State Operations, Unemployment Insurance Service, Bureau of Employment Security.

PARTICIPANTS IN INTERSTATE UNEMPLOYMENT INSURANCE ARRANGEMENTS

Jurisdiction	Interstate Benefit Payment Plan	Extension of IB Payment Plan to Canada	Basic Arrangements for Combining Wages	Extended Arrangement for Combining Wages	Interstate Reciprocal Coverage Arrangements	Interstate Maritime Reciprocal Arrangement	Interstate Great Lakes Reciprocal Arrangement	IB Payment Agreement With Puerto Rico
Alabama	X		X	X	X	X		
Alaska	X	X						X
Arizona	X	X	X	X	X			
Arkansas	X	X	X	X	X			X
California	X	X	X	X	X	X		X
Canada	X	X						
Colorado	X	X	X	X	X			
Connecticut	X	X	X	X	X			
Delaware	X	X	X	X	X			
Dist. of Col.	X	X	X	X	X			
Florida	X	X	X	X	X	X		X
Georgia	X	X	X	X	X			X
Hawaii	X	X	X	X	X			X
Idaho	X	X	X	X	X			X
Illinois	X	X	X	X	X	X	X	X
Indiana	X	X	X	X	X			X
Iowa	X		X	X	X	X		X
Kansas	X	X	X	X	X			X
Kentucky	X	X	X	X				X
Louisiana	X	X	X	X	X	X		X
Maine	X		X	X	X	X		X
Maryland	X	X	X	X	X	X		X
Massachusetts	X	X	X	X	X			X
Michigan	X	X	X	X	X		X	
Minnesota	X	X	X	X	X		X	
Mississippi	X	X						
Missouri	X	X	X	X	X	X		
Montana	X	X	X	X	X			X
Nebraska	X	X	X		X	X		X
Nevada	X	X	X	X	X			
New Hampshire	X		X	X	X			
New Jersey	X	X	X			X		
New Mexico	X	X	X	X	X			
New York	X	X	X	X		X	X	X
North Carolina	X	X	X		X			X
North Dakota	X	X	X	X	X			X
Ohio	X	X	X	X	X	X	X	
Oklahoma	X	X	X	X	X			X
Oregon	X	X	X	X	X			X
Pennsylvania	X	X	X	X	X	X	X	X
Puerto Rico	X							X
Rhode Island	X	X	X	X	X	X		X
South Carolina	X	X	X	X	X			X
South Dakota	X	X	X	X	X			X
Tennessee	X	X	X	X	X	X		X
Texas	X	X	X	X	X	X		X
Utah	X	X	X	X	X			X
Vermont	X	X	X	X	X			X
Virginia	X	X	X		X	X		X
Virgin Islands								
Washington	X	X	X	X	X	X		X
West Virginia	X	X	X	X	X	X		X
Wisconsin	X	X	X	X	X	X	X	X
Wyoming	X	X	X	X	X			X

Under The Interstate Benefit Payment Plan, each State agrees to adopt the rules, regulations, procedural forms, and interpretive decisions approved by the Committee. An exception occurs only when the State agency finds a clear inconsistency with the statutory provisions of its unemployment insurance law.

Provisions of the Plans

1. The first plan, *The Interstate Benefit Payment Plan* (1938), enables a worker who has earned benefit rights in any State to file a claim against that State from any other State. The claimant's eligibility for benefits is determined in accordance with the laws of the liable State. Such determinations are appealable; the claimant may file his appeal through the agent State and be afforded a hearing. The record of the hearing will be forwarded to the liable State for decision.

2. *The Extension of the Interstate Benefit Payment Plan to Canada*, or the *Agreement Between the Government of Canada and the Government of the United States of America*, became effective in 1942 and was amended in 1951. In this agreement, Canada subscribes to the Interstate Benefit Payment Plan on a reciprocal basis and will take claims

in its local offices against any State which agrees to perform the same service for Canada.

3. *The Interstate Reciprocal Coverage Arrangement*, effective January 1944, provides for workers whose employment for a single employer requires them to work in several States during a relatively short period of time.

The amount and type of such employment, by even a single employee, might make an employer liable for contributions under the laws of each State in which the individual works. The employer would thus be required to file reports and to pay contributions in each of the States, each calendar quarter, allocating the proper proportion of the worker's wages to each State.

Should the worker become unemployed, he would find that his wages had been reported to several States. Perhaps he would not be eligible for benefits in any of the States because of the dispersal of his wages. In another instance, he might be eligible for minimum benefit amounts in several States, and thus become ineligible to take advantage of wage combining.

An employer must take the initiative in order to obtain the advantages of an Interstate Reciprocal Coverage Agreement. If he has one or more workers performing services in several States, he usually will want to reduce his tax-reporting burden by having such workers covered by the unemployment insurance law of only one State. An employer may elect and request that all services of such workers be covered in a State in which the individual performs some service or in which he has his residence, or in which the employer has a place of business to which the individual's services have some reasonable relationship. The election must be approved by the State chosen by the employer and must also be approved by any other State in which such services would otherwise be covered by the State unemployment insurance law. After approval, the employer must notify his worker about the choice of State coverage. If the worker is separated, he must again be told under which State he is covered.

4. *The Basic Wage Combining Plan*, effective in 1945, was designed to meet the needs of workers who move from State to State on short-time jobs and never earn enough in any one State to be eligible for benefits. A worker whose earnings are so dispersed can have his wages in all States participating in the agreement combined in the State in which he is filing his claim. However,

Interstate procedures being discussed by Robert P. Harper, Chief, Division of Claims and Benefit Operations, and Charles E. Evitts, Chief, Branch of Interstate Operations.

only those wage credits from portions of the base period of the States in which they were earned, and which are common to the base period of the State which will pay benefits, can be used for the claim. If the total of such wages makes the worker eligible for benefits, a claim is established for him under the provisions of the paying State's law. The benefits paid are charged to each State in proportion to its share of wages upon which the benefits were based.

5. *The Interstate Maritime Reciprocal Arrangement*, effective July 1, 1946, provides that coverage under this Agreement is not a matter of choice by the employer. The Agreement, in effect, operates to modify the normal coverage provisions of the State law. The State in which the maritime employer maintains an office from which operation of vessels is supervised, managed, or controlled becomes the State of coverage for workers on such vessels. The problem of a boat in coastwide trade operating along the Atlantic Coast illustrates the need for this Agreement. The vessel might operate within the jurisdiction of seven or eight States while on a single voyage. The problem of determining when the vessel is within the jurisdiction of a given State, and how much each of the crew members earned while in that jurisdiction, would be almost impossible to solve.

To facilitate the operation of this Agreement, the New York Division of Employment (the employment security agency for the State) periodically issues a listing of all vessels operated by the employers covered by this Agreement, the name

of the company operating the vessel, and the State of coverage of the employer. This compilation is used by agent States, either in the local offices or in the State office, to identify the proper liable State for claims filed by maritime workers. If the claimant can name the vessel on which he worked, the State of coverage can be found by consulting the listing.

6. *The Interstate Great Lakes Reciprocal Arrangement*, effective in 1946, is almost identical with the Maritime Reciprocal Coverage Agreement, except that it applies to employers whose vessels operate on the Great Lakes and connecting inland waterways. Vessels operating on the Great Lakes are required to have notices posted on board identifying the State of jurisdiction which covers the workers. All eight States that border the Great Lakes participate in this Agreement.

7. *The Extended Interstate Plan for Combining Wages*, effective April 1, 1956, establishes a system which extends the wage combining privilege to the worker who qualifies for benefits, but for less than the maximum allowed. Under this plan, the claim is filed against the State in which the worker qualifies, and the base period wages in that State are combined with his wages for the same period from all other participating States in which the claimant does *not* qualify. The paying State then charges the *increase* in benefits to the States which transferred wages, on a pro rata basis.

8. *The IB Payment Agreement With Puerto Rico* provides that all provisions of the Interstate Benefit Payment Plan shall apply to Puerto Rico and the States entering into this Agreement.

Emerging Problems

The interstate benefit payment plans have done much to alleviate the problems of employers and employees. Although the plans have sometimes been described as cumbersome to administer, they represent a practical method of resolving the problems raised by the differences in the unemployment insurance laws of the 50 States, the District of Columbia, and Puerto Rico.

A new set of problems is presented by recent State legislation introducing limitations on the benefits of interstate claimants. These provisions tend to restrict the mobility of workers. Three States now limit the weekly benefit amount payable to claimants who file from outside the State. Alaska was the first State to impose such a limitation (1955), and it was followed by Ohio and Wyoming in 1963. In Alaska, the weekly benefit amount for an interstate claimant is limited to a maximum of $20. In Ohio, the weekly benefit amount for an interstate claimant is the lesser of the average weekly benefit amount being paid at the beginning of his benefit year in the State in which the claim is filed or the amount to which he would be entitled under the Ohio law. In Wyoming, the weekly benefit amount for an interstate claimant may not exceed the lesser of 75 percent of what it would be were he residing in the State or the maximum weekly benefit amount of the State from which he applies for benefits.

The New IB Training Program and Manual

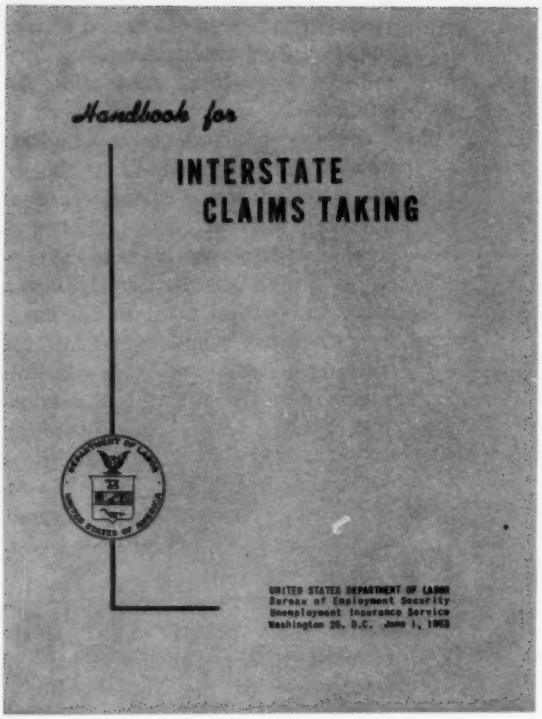
*Jack Anacabe**

How much can you remember of October 1937? To some, the happenings during that period will be too far back to recall; to others, perhaps some vague recollections; and no doubt to many, this will be prior to their birth.

My reason for focusing attention on this particular period is that this pre-World War II date marks the inception of the interstate benefit payment plan. Unemployment insurance principles at this early point were in the formulative stage and many persons may have felt that a plan as unorthodox as the interstate program could not possibly be administered successfully.[1] Such opinions certainly had some basis. For example, how could it be possible for the claims-taking personnel in the agent State to know the differences and intricacies of the liable State's laws and perform a knowledgeable job of claims taking? How could quality work performance possibly be achieved when the liable State had no supervisory authority over the agent State? How could a claim possibly be adjudicated properly by an individual in the liable State when the claimant was

*Chief of Benefits, Idaho Employment Security Agency.

[1] The basic framework for the Federal-State unemployment insurance system was provided in titles III and IX of the Social Security Act, approved Aug. 14, 1935. The interstate benefit payment plan was adopted by the Interstate Conference of Employment Security Agencies at its October 1937 meeting.



living in the agent State, perhaps thousands of miles away, about which the adjudicating officer knew very little? How could problems brought about by such a complex program be solved on a correspondence basis? There would be no possibility of personal interrogation between liable State personnel and the claimant or with the agent State employees.

These were just a few of the problems posed by the interstate program, but enough to make one question whether such a program would be administratively feasible. Of course, we know it is workable, for we have the advantage of hindsight. We are part of its working. This is not to say that all problems have been solved or that interstate runs as smoothly as intrastate. It doesn't and never will. It can, however, be improved and refined, and this is what I wish to cover.

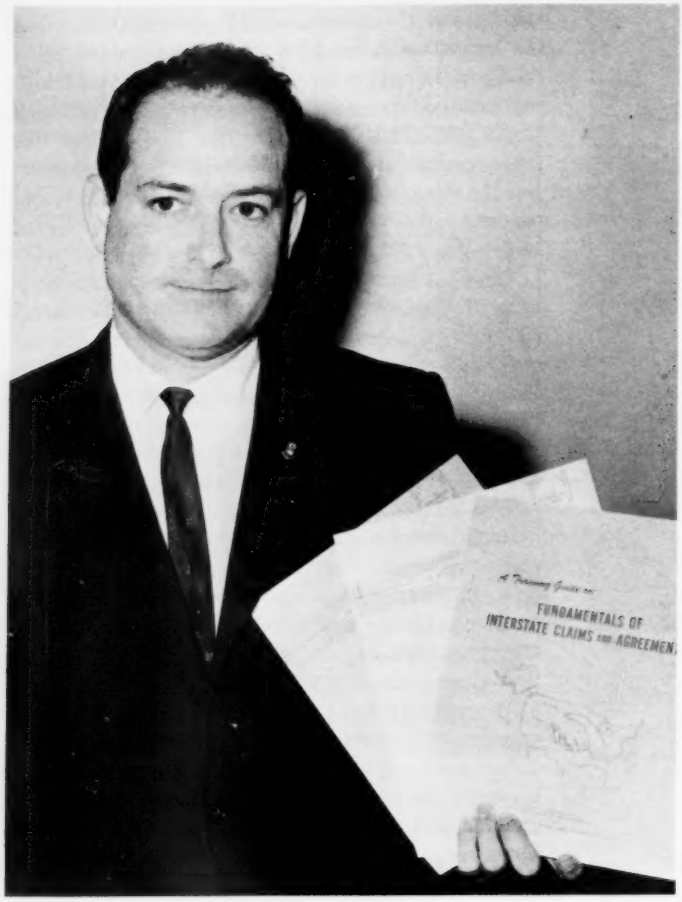
For some time, the interstate program has been on a plateau—no major deterioration nor advancement. Several standardized evaluations have been conducted on a national basis, and each time they were categorized and reviewed it was found that basically the same problems existed. Indications were that the interstate program was suffering from lack of direction and emphasis. Consequently, staff of the Bureau of Employment Security, with the assistance of State technicians and the Interstate Benefit Payments Committee, initiated preliminary steps in the preparation of training material as a solution to many of the revealed problems. This work provided the nucleus for further developments. Oddly enough, considering the complexities of the IB operation, there had never been a universal training guide published relating directly to the interstate program.

Mr. Charles McCarthy of Massachusetts, Chairman of the 1963–64 Interstate Benefit Payments Committee, assigned me as chairman of a subcommittee composed of Leo Phalen, Chief of Benefits, Kansas, and M. P. Filiatreau, Director of Operations, Arkansas, to develop a training course on the interstate program for presentation to the 1964–65 Interstate Benefit Payments Committee.

The initial phases of preparing the training material were accomplished through correspondence. The subcommittee established the ultimate goal, the means of achievement, and the confines of the training material. We agreed that the training must be confined to the interstate program and that the trainees be versed in the basics of intrastate benefit procedures. To do otherwise would have provided a training guide so voluminous as to pose a formidable barrier to those commencing the training course. To guide the subcommittee in the type of training needed, past national evaluations of the interstate program were reviewed to detect weaknesses in the system. Correspondence from both liable and agent States was studied to determine where the program was breaking down. A study of time lapse was reviewed and evaluated to determine what effect improper factfinding had on the expeditious payment of benefits.

It was found that very few States actually emphasized and specialized the interstate process. This is certainly not to infer that the States knowingly do a poor job, but that since interstate is such a small percentage of the total unemployment insurance program, insufficient emphasis has been devoted to it. One of the subcommittee's aims was to provide emphasis, direction, and assistance through a comprehensive training guide.

Scrutiny of the manageable portions of interstate deficiencies revealed that the majority of breakdowns in the interstate process occurred from two sources—improper or incomplete factfinding and failure to utilize properly the *Handbook for*



Mr. Anacabe shows some of the material used in training on the fundamentals of interstate claims and agreements.

Interstate Claims Taking. For this reason, the major portion of the training guide covers these two areas. This categorization allowed us to limit the training material to the more crucial points. It may be found after experience with the training guide that its subject matter should be expanded into other areas.

The subcommittee was confronted with the dual problem of being specific enough in the training material to impart knowledge, yet general enough to encompass, without violation, States' laws and policies. The training guide had to be prepared in a manner that would not require constant major revisions as State laws were revised. It is for this reason that there are few direct references to individual State laws. We utilized the method of tying the training work problems to the *Handbook for Interstate Claims Taking*, which is revised as the laws of the various States change. As a result, necessary revisions to the training guide itself are minimized.

A table of contents was agreed upon and I assigned each member of the subcommittee a specific area of coverage. From this point, we worked independently, sending copies of our finished material to each other for perusal prior to our meeting, where we would consolidate the training material and work out, sentence by sentence, the final version. Individually, we sorted through every publication which could be utilized as source material. We relied heavily on the Idaho, Kansas, and Arkansas technicians for assistance.

After individual writing assignments were completed, the subcommittee met in the congenial atmosphere of the Topeka, Kans., administrative office from November 19 through 22, 1963, at which time the consolidation and final rewrite of the training material was accomplished. The guide was prepared to lend itself to group training or self-study and is titled *A Training Guide on Fundamentals of Interstate Claims and Agreements.*

Three separate documents were produced—the text of source material to be studied, a trainee's practice book containing questions covering material in the text and an instructor's key, which provides the answers to the questions in the trainee's practice book. The text and the trainee's practice book are coordinated by chapter so that training may be accomplished in easy stages as time permits. It is not necessary to read the complete training text before commencing exercises in the trainee's practice book. After reading chapter I of the text, the trainee is ready to complete the questions pertaining to chapter I in the trainee's practice book.

For ease in reference, the text was divided into five separate chapters and each chapter subdivided decimally. In addition, each page has been numbered. The guide is arranged to set out, step by step, the normal pattern of learning the programs,

and then the elements of claims processing; it ends with the most demanding and professional of the tasks involved—factfinding. The material is basic enough for the training of inexperienced staff, yet not so elemental as to preclude its use for the most experienced. It will not, and was never intended to, replace procedure manuals.

The text begins with a history of the interstate program in chapter I and ends with a glossary of terms; the remainder of the text is devoted to the actual training material. It was felt that it would be well to have the history and glossary in one place, rather than making it necessary to sort through various manuals and agreements to find this material. As indicated in the guide, the glossary is all of part P of the *Employment Security Manual*, since we found it impractical to restrict ourselves to those terms relating exclusively to interstate claims.

Emblematic of one of the primary goals to be achieved in the training material is the text cover itself—a clasping of hands, nationwide, to denote cooperation, understanding, and the promotion of a congenial atmosphere allowing mutual interests to be served.

Inasmuch as this is the first formalized training guide covering interstate claims, considerations other than training in itself were envisaged. For example, it is not uncommon for personnel from various States, in discussing their interstate problems, to relate what a poor job is being done by the agent State and, if *all* interstate technicians were together at the same time, chances are that their discussion would be along the same line. Actually, they are criticizing each other's performance with few, if any, getting praise for a job well done. With this in mind, we built into the training guide a standardization of training for all States. With a standard established, supervision can be exercised in accordance with the standards of performance which have been outlined. With a guide, the interstate claims process becomes an entity and identifiable.

Chapter Content in the Training Guide

The *Fundamentals of Interstate Claims and Agreements* begins quite properly in Chapter I, "Interstate Benefit Plans," with discussion of the background and an outline of the several interstate agreements. This information is, of course, basic to the satisfaction of any curiosity which may arise in the trainee's mind about the history of the program.

Chapter II, "Common Claims Situations and Working Terms," is designed exclusively for new entrants into the field of unemployment insurance claims taking. The inexperienced claims taker is introduced to claims terminology in somewhat the same sequence as the operations may occur in the course of a claim.

Chapter III deals with the next subject in the order of training—proper utilization and understanding of the *Handbook for Interstate Claims Taking*. This book is the pivotal point of the interstate process and, when used properly, is its most valuable tool. A standard policy of active search for work is given special emphasis in this chapter and the significance of items found in the same order on each of the States' pages is explained. It is imperative that all States emphasize the necessity for a more complete utilization of the *Handbook*.

Chapter IV, "Interstate Claimant and Claim

Processing," deals with the actual mechanics of the program. It relates to the basic tools used, the various forms, sequence of operations, charts, visual aids, techniques, and methodology.

The final section, Chapter V, deals with the most important and difficult activity in interstate claims—"Interstate Claim Fact Finding and Reporting." The chapter begins with a discussion of the differences between intrastate and interstate factfinding, pointing out that due allowance must be made for the reality that the liable State examiner may decide the case under a different interpretation of the issue and under different statutory requirements than would the agent State. The chapter concludes with suggestions concerning the factfinding interview and the reporting of its results on Form IB–11.

Work problems intended to test the success of the student in the learning process are provided in a separately printed trainee's practice book. The purpose of the separate printing was, of course, to make it less expensive to give training—the text being maintained as the basic document for reuse, with the trainee's practice book becoming expendable. As previously mentioned, the practice book relates, chapter by chapter, to the text material and may be completed as time affords. The types of work problems were purposely changed for each chapter. This variation is designed to maintain interest and appeal to the various kinds of mental stimuli to which various individuals react.

The instructor's key parallels the trainee's practice book. It lists questions in the practice book, and provides the answers and discussion points in those areas where further amplification is necessary.

A great deal of time has been spent in determining how the interstate program could be improved and how it could achieve direction and emphasis. We felt to accomplish this, three steps were necessary: (1) an analysis of the weaknesses; (2) formulation of a program of remedial action; and (3) promoting interest in the program's improvement by setting into motion the recommended remedial action. In order to write the training guide, it was necessary for us to analyze the interstate problems. This provided the first step. Hopefully, use of the training guide will be the necessary remedial action, taking care of the second step. Will you join hands and provide impetus for the third step?

Selective Claims Processing

Robert P. Harper and *M. P. Filiatreau**

THE SELECTIVE claims process is a procedure for classifying claimants into two groups: (1) those firmly attached to the labor force—identified as "A," and (2) those not so firmly attached—identified as "C." Group "A" claimants receive intensive periodic interviews less frequently than group "C" claimants.

The "A" group is comprised of claimants who, by reason of their past work record, prospects for work, and absence of any factors which would indicate otherwise, are firmly and positively in the labor force. Inclusion in this group means that a periodic interview regarding continuing eligibility for benefits would be scheduled for the claimant at least every 10th week.

All other claimants are classified "C"—the group which includes those who, because of their past work records, reasons for separation from jobs, or other factors raise questions in the mind of the interviewer about the claimant's attachment to the labor force. "C" claimants are interviewed intensively at least every fifth week during the claim series.

The alphabetical "A" and "C" designations were included in a system introduced in 1956 by the Bureau of Employment Security for *intrastate* claimants. Experience with intrastate claimants has shown that as the claims load increases the percentage of "A" claimants also increases. Experience has shown that there are more claimants classified "A" than "C" filing *intrastate* claims

*Mr. Harper is Chief of the Division of Claims and Benefit Operations, Unemployment Insurance Service, and Mr. Filiatreau is Director of Operations, Employment Security Division, Arkansas Department of Labor. This article discusses the introduction and application of the selective claims process to interstate claims operations.

M. P. Filiatreau, Arkansas Agency Director of Operations, discussing interstate claims processes with Mrs. Lorea Williams of the Little Rock Metropolitan Claims Section, and (at right) discussing IB–10 processes with Lamar Webb, Claims Supervisor in the Little Rock Metropolitan Office.

and more claimants classified "C" than "A" filing *interstate* claims.[1]

Most States have found that by grouping claimants into the "A" and "C" categories they have been able to determine individual eligibility more effectively. To supplement information obtained on the application for benefits, a self-filed questionnaire is used. This device has proved to be an excellent tool for guiding both initial and subsequent explorations of the claimant's status in the labor force, and it results in a substantial savings in interviewing time since there are more "A" than "C" claimants filing intrastate claims.

Interstate Benefit Payments Committee Adopts Plan

Prior to 1960, the Interstate Benefit Payment Plan provided that every interstate claimant was to be given an intensive interview at least every fifth week during a continued claim series. The interview had to be reported to the liable State in writing. Experiments between States using the grouping procedure soon demonstrated that there were significant numbers of "A"-type claimants filing interstate claims. More importantly, experiment results revealed that the questionnaire device gave the liable State some much needed supplemental information at the point of determining initial eligibility.

The questionnaire also gave the agent State interviewer a realistic guide for exploring, in subsequent interviews, the claimant's continuing eligibility for benefits. It was logical for the States to clamor for the same advantages in processing interstate claims that they were experiencing with claims filed and processed within their State. One of the big questions was: Would costs be increased? Would the added work of processing the questionnaire more than offset saved interviewing time, since it was expected that the number of "C" claimants would exceed "A" claimants?

In 1959, the Interstate Benefit Payments Committee adopted a plan embodying the basic principles of "A" and "C" grouping, with the corresponding interview controls. Separate written reports were still required for each periodic interview. One basic change from the intrastate system was the requirement that a new self-filed questionnaire be submitted to the liable State each 10th week for each of the "A" claimants.

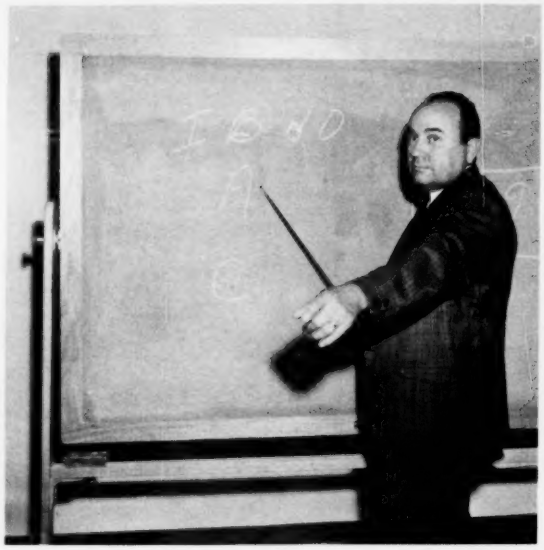
After 1 year of experience under the new procedure the Interstate Benefit Payments Committee included the following comment in its June report:

> There seems to be general agreement that the whole system is working pretty well, and is making worthwhile

[1] The procedure and forms for serving interstate claimants, as prescribed by the Interstate Benefit Payments Committee of the Interstate Conference, are set forth in pt. V, ch, 5000, of the *Employment Security Manual.*

improvements in the quality of claimstaking and periodic interviewing. But much can still be done to improve it.

Procedures adopted to serve the Interstate Benefit Plan must, of necessity, be broad and cover a variety of interests and requirements. Any innovation in interstate procedures faces a difficult test when it comes before the Interstate Benefit Committee. Will the changed procedure do the job better and still satisfy the needs of the varied State requirements? Innumerable suggestions for change were received by the IB Committee immediately following the introduction of the forms and procedures for selective processing. Approval of any change in the 1960 procedures was delayed until the States had 2 full years of experience in order to evaluate fairly the effectiveness of the system. Requests for change continued to pour in, and a work committee was appointed to study them.



Lamar Webb, Claims Supervisor, explaining IB–10 processes to claimants.

Budget Bureau No. 44–R1004.1

Code assignment must be based on consideration of all factors—

GROUP A: Claimants who definitely have depended on their work for their individual or family support and whose employment record clearly indicates they are in the labor market and intend to remain there.

EXAMPLES:

1. Partially unemployed claimants (no questionnaire).
2. Temporary layoffs:
   (a) Plant shutdown.
   (b) Mass layoffs with positive return prospects.
   (c) Individual employee—with normal return prospects.
   (d) Seasonal layoff with normal return prospects and no suitable openings in area.
3. Steady employment of at least 2 years with an employer industry or in occupation, and lack of work.
4. Highly unionized occupations, professions, or trades, with specialized placement facilities.

GROUP "A" CLAIMANTS WILL RECEIVE A CLAIM SUPPLEMENT EVERY 10TH WEEK

(If required, check Item 9 in liable State's pages of the IB Handbook)

IB–9 (11–62) Guide to Interstate Claimant Identification by Group.

Budget Bureau No. 44–R1004.1

GROUP C: Claimants whose attachment to the labor market may be questionable.

EXAMPLES:

1. Demand occupations.
2. Irregular employment record (in reference to occupation).
3. Delay in claim filing.
4. Moved to address remote from labor market or transportation problem.
5. Unfavorable job prospects because of recent arrival in locality.
6. Farming activity.
7. Self-employment, assuming otherwise eligible.
8. Students or prospective students.
9. Pensioners.
10. Domestic care or problem.
11. Previous fraud or overpayment record.
12. Physical impairment or poor health which would limit employability.
13. Pregnancy.
14. Personal or other restrictions (wages, hours, travel).

GROUP "C" CLAIMANTS MUST BE INTERVIEWED AT LEAST EVERY 5TH WEEK

(If required, check Item 9 in liable State's pages of the IB Handbook)

IB–9, p. 2 (11–62).

Problems and Solutions

One of the basic rules of the Interstate Benefit Plan is that once a procedure is adopted, all States must follow it. But the desires of the States in regard to the processing of the questionnaire were so varied that the 1962 committee decided to experiment with deviation from this rule. The committee approved a proposal which gave the liable State the opportunity to elect one of three procedures in the receipt of the questionnaire and periodic interview reports. The option elected by each State was entered in the procedural instructions in the *Handbook of Interstate Claimstaking*. As of mid-1964, 37 States had elected Option II, which provides for the questionnaire to be submitted to the liable State, and periodic interview reports are confined to comments on the continued claim form. This recognition that most States have confidence in the ability and willingness of the agent State to obtain and report the essential facts without rigid controls indicates that the system is succeeding.

Dissatisfaction with the system used prior to

1960 centered around the periodic interview report. The agent State interviewer was reluctant to fill it out when he had nothing purposeful to report; the liable State examiner was unhappy with the inadequate information he received. The rigid requirement for the submission of periodic interview reports has come about because the agent States had failed to provide information essential for determining a claimant's right to benefits under the basic system. As a result, a number of States began sending out exhaustive questionnaires to supplement the information they were receiving under the procedures then approved by the IB Committee. These questionnaires, although disapproved by the committee, were employed so extensively that something had to be done to restore a reasonable method of communication between the States. The 5-week periodic interview report required prior to 1960 was the basic remedy adopted by the committee.

In some respects the State found that the "cure was worse than the cough." The rigid requirements adopted to insure supplementation of the information on the continued claim form were burdensome when applied to all interstate claims. They produced stereotyped reports that merely reiterated the claimant's signed statement on the continued claim that he was able to work and available for work.

The "A" and "C" grouping procedure can be considered a compromise. It embodies the supplementation of information through the use of a standard questionnaire. It retains the requirement of periodic interview reports. It permits a degree of judgment in determining the frequency of interviews. There is general agreement that this system produces more meaningful periodic interviews and reports.

System's Success Depends on Staff

The success of this or any other system, however, depends entirely on the people using it. Before this article was prepared, 10 local office claims interviewers were questioned to obtain their reactions to a proposal to abandon the grouping procedure. All but one felt that such a proposal would be a backward step. All stated that they were sending the liable State more meaningful information about a claimant and his status in the labor force under the grouping procedure than they did under the previous systems. Several acknowledged that they did not refer to the questionnaire after the first periodic interview, but agreed that it was useful as an interviewing tool.

Recent test office studies in several large cities revealed that a great number of interstate claimants were being classified in the "C" group because of a misunderstanding of the standards used for measuring labor force attachment appearing on form IB–9 (Guide to Interstate Claimant Identification by Group). The major problem concerned interpretation of group "C" example 5, "unfavorable job prospects because of recent arrival in locality." Frequently the "C" classification was given strictly on the finding that the claimant was a recent arrival, with little consideration given to his job prospects in that locality or other areas. Test office evaluation found that too little consideration was given to either the mobility of the current labor force or the employment patterns in many occupations. The uniqueness of every claimant and the individual manner in which he takes his place in or out of the labor force must be considered, or the grouping procedure will fail to serve the interstate system properly.

The studies showed also that there is need to improve the quality of the periodic interview. Since the purpose of this interview is a periodic evaluation and report of the individual claimant's unique situation, it involves exploring the reasons for the original classification and following through on leads given on the questionnaire as well as those developed during the interview. It involves updating the record to provide guidance for subsequent interviews. It involves changing the classification when needed. It involves a determination of the timing of the next interview. A vital part of the process is reporting the significant information to the liable State. Periodic interviews should not be scheduled on a routine basis and they should not be stereotyped. To be worthwhile, they must be given when needed and must be *tailored* to the needs of the individual claimant.

Increased mobility in the labor force means more potential interstate claims. If our present techniques do not facilitate effective communication between the States involved in such claims, new devices should be developed. Whatever the system or procedure, it can be successful only to the extent that people using it understand its purposes and strive to carry out its objectives.

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New Jersey Improves Interstate Claims Operations

*Michael M. Lake**

SEVERAL years ago, New Jersey took a long look at its time-lapse record on first payments of interstate claims, comparing it with the experience of other States. It was evident that there was room for improvement.

The desire to attain a more commendable position among the States was not the primary reason for New Jersey's action. More important was the realization of the effect of such delay upon interstate claimants. A person out of State in search of work is placed in a position unlike that of an intrastate claimant. His claim must be processed by mail, with all the delays attendant upon mail deliveries. Hence, he should be given every possible consideration to compensate for the added obstacles encountered in processing his claim.

New Jersey therefore undertook to improve its service to the interstate claimant. Procedures were reviewed, corrective measures taken, and new methods installed. Today, the State has a record of excellence for the prompt payment of interstate claims which is the pride of its engineers and, sometimes, the envy of its friendly rivals. New Jersey consistently attains top ranking among the States with respect to time lapse records.

No magic formula was discovered to bring about this improvement. It was accomplished by hard work and constant application toward the desired objectives—prompt and accurate payment of benefits. Toward these goals, many changes were made in controls, procedures, physical layout, schedule of priority, and organizational structure.

Interstate Claims Section—Organization and Function

New Jersey is a request reporting State [1] and handles a large number of interstate claims. The responsibility for processing these claims rests with the Interstate Claims Section in the Bureau of Unemployment Benefits. However, the work is tied closely to that of other bureaus, particularly the Bureau of Machine Services. The concentration of all unemployment insurance functions within three floors of the new Labor and Industry Building has assisted materially in the expeditious processing of claims.

The Interstate Claims Section consists of the Entitlement, Certification, Adjustment, and Service Units. The Entitlement Unit processes the initial interstate valid claims, prepares requests for wage and separation information, makes the monetary determinations, and handles the transfer of claims to and from an interstate basis. The Certification Unit sorts and processes the mail, issues determinations on continued claims, and maintains an Interstate Folder File. The Adjustment Unit issues nonmonetary determinations and redeterminations, reviews appeals from claimants and employers, and exercises the right of administrative review of appeals filed within a prescribed time period. The Service Unit performs such tasks as embossing addressograph plates and preparing ledger records and forms on valid claims.

Changes in Processing

Three major changes—all physical—were installed within the framework of these functions, and credit for the resulting improvement in operations should be attributed equally to these changes.

First, a special post office box was rented to facilitate the handling of the incoming IB–1 forms (Initial Interstate Claim) and all other interstate claims material. Twice daily, a special messenger picks up the interstate mail and brings it directly to the Interstate Section. The mail is promptly time stamped, sorted, and sent on its way to the proper processing point.

This mail service, resting entirely within the jurisdiction of the Liable State Section, has reduced the previous time lag by 3 days. It has removed control of interstate material from the regular mail routine, the volume of which is often heavy enough to preclude prompt attention for any particular segment.

Since the material was made available directly to the Interstate Section under this arrangement,

*Chief, Bureau of Unemployment Benefits, New Jersey Division of Employment Security.

[1] That is, wage information and facts related to the claimant's reason for separation from work are requested from the employer when a claim is being processed.

it could be given immediate attention and, therefore, a 24-hour limit was established for processing.

The second major change was brought about through the installation of a Centrex telephone system for State offices in New Jersey. By means of the recently developed system, our claims processors and reviewers may contact an employer by telephone to obtain data required for an equitable determination. This method is used even when a mail request is directed to the base-year employer, and it is calculated that he cannot possibly respond in time to avoid delay and an unfavorable time lapse.

Such telephone service on behalf of the claimant also accomplishes another purpose—to clarify issues, raised by any party, which could have a bearing upon eligibility. A double objective is thus attained—prompt payment and a quality determination.

The third major change involved the distribution of work. Grouping the States into geographic clusters, according to the size of the claims load, made it possible to divide the work more equitably among claims examiners and, as a further step, each examiner dealt continuously with claims from the same State or block of States assigned to him.

This has led to an unexpected degree of specialization but it has brought about desirable results. New Jersey is an industrial State bordered by two other industrial States—New York and Pennsylvania—and their proximity causes a constant interchange of information about labor and separation circumstances that are peculiar to such a situation. A claims examiner who becomes familiar with these circumstances has greater facility and efficiency in dealing with them in relation to benefit claims.

The circumstances surrounding claimants filing claims in Pennsylvania are consistent in their uniqueness. Hence, claims from that State are directed always to the same examiner, and he quickly recognizes the pattern of problems peculiar to the State in processing claims. The use of this assignment method for other States and blocks of States results in a considerable saving in processing time.

This specialization has other compensating features not limited to time lapse. It produces a quality job not always matched by the indiscriminate assignment of work, which can become haphazard and lead to delays. Its value and effectiveness are brought out through the report developed from a continuous evaluation of nonmonetary determinations.

Supervisory Controls

The Section Supervisor takes an active role in overseeing the activities of the Interstate Liable State Section. His office maintains a daily record of first payments authorized and of all late first payments. On late first payments, the claimant's file is reviewed and the reason for the late payment is recorded on a "late first payment" analysis sheet, and a daily running record is maintained of the percentage of interstate first payments made within 14 days. The record is broken down into such categories as predates; invalid to valid claims; appellate body decisions; delays because of monetary, nonmonetary, redeterminations; late receipt of IB2's (Continued Interstate Claim); and liable State administrative delay in processing IB–1's and IB–2's. Experience has demonstrated this review to be very valuable because it points out specific areas of weaknesses and suggests proper remedial action.

The claims load fluctuates considerably. Since it takes training and experience to be a good processor, more persons are trained as processors than the average claim load requires. This provides the means for dealing quickly with peak load periods. The objective is to dispose of all cleancut cases within a day.

To maintain a quality interstate operation, various steps are taken. In New Jersey, the continuous evaluation of nonmonetary determinations is conducted by the Supervisor of the Adjustment Unit. This evaluation is by issue and claims reviewer. An analytical approach is used to determine where weaknesses exist in the nonmonetary determination process. Each case evaluated is discussed with the claims reviewer involved. The Supervisor prepares a quarterly report and from this report is able to determine where the greatest need for training exists.

Time-Lapse Record Improved

Interstate claims are processed with the same care and emphasis as intrastate claims. Through the use of a special post office box for interstate claims, the Centrex telephone system, the consolidation of all central office claims activities in one building, the use of a white signal tab on the claimant folder to identify potential first payments, and the use of specialists at the various work stations,

New Jersey is able to pay interstate first payments accurately and promptly, and to do the same with subsequent payments.

The organizational structure, including the specialization of staff, set up to achieve this goal was justified as a progressive and equitable step to obtain for each type of claimant the same service to which both intrastate and interstate claimants are entitled.

New Jersey has also achieved an enviable score on the time lag, not because of a special effort in that direction but as a byproduct of the more important efforts made to provide interstate claimants with efficient service.

Issues Reflected In Recent Appeals Decisions*

Forced Retirement—A Voluntary Action?

CAN an otherwise eligible person be denied unemployment insurance as a *voluntary* quit by reason of a forced retirement? The retirement may be mandatory under a collective bargaining agreement. Or, terms of pension plans may "force" retirement upon the claimant when his job is automated or the employer desires to replace him with a younger worker. Some of the States now have a crystallized policy concerning the *voluntariness* of compulsory retirement (for example, at a specified age, such as 65 years) under a collective bargaining agreement or under a company policy; however, the facts may not fit the claimant into the terms of the agreement or into a clear-cut company policy. Even if the claimant's factual situation fits him into the agreement or the policy, can a termination of employment against the employee's wishes at the time of retirement be a *voluntary* leaving merely because the employee through his union, or individually, agreed years before to accept or continue work under such an agreement or policy?

Even where the claimant's retirement may at first glance appear to be *voluntary*, investigation of the facts may show that the claimant did not really wish to retire. This is illustrated by a recent decision of the Texas Employment Commission (No. 9836-CA-63, dated Jan. 7, 1964, BSSUI, VL-495-189). The claimant had last worked as a personnel coordinator. The employer announced a special early retirement plan which provided that any employee from the age of 50 to 65 years of age could retire immediately with the concurrence of management. The benefits for employees eligible to retire under this plan were considerable. These facts were found:

> The claimant testified that his supervisor suggested to him that he sign up for early retirement. The claimant agreed to investigate to determine the benefits he would be entitled to if he accepted early retirement. To this end he sent a memorandum to the home office requesting this information. When he received the information concerning the benefits available to him, he was advised by his supervisor to give early retirement serious consideration. At this point he requested permission to talk to the plant manager prior to committing himself. When he talked to the plant manager, he was advised that, as far as the plant manager knew, the claimant had already been retired as the manager had seen his first retirement check. The claimant informed the manager that he had signed no papers or made no request to be retired. He was again informed by the manager that in his opinion he was already retired. In view of this conversation, the claimant returned to his supervisor's office, accepted the first retirement check, and retired.

Under these circumstances, the Commission decided that the claimant's separation and retirement were not voluntary but were at the instance of

*Prepared in Division of Determinations and Hearings, Office of State Operations, Unemployment Insurance Service, Bureau of Employment Security.

the employer, and that he was not subject to disqualification as a voluntary quit.

A New Jersey claimant's retirement was held not disqualifying in a recent Board of Review decision (No. BR–57813–C, dated Apr. 6, 1964, BSSUI, VL–495–193).

The claimant, born May 15, 1899, worked for the employer for 29 years until October 19, 1963, when he was separated under the employer's retirement program. For many years he was a machine operator and continued in the job until the function was automated. The claimant cannot read or write, and could not be trained for new skilled jobs. Therefore, he was transferred to work as a material handler, which required him to transport barrels of coloring fluid for plastic, weighing as much as 400 to 600 pounds, by handtruck for a distance of 200 to 300 feet, in order to keep the various machines supplied. On occasion he was required to work overtime at this function. In March 1963, his personal physician advised him to refrain from heavy lifting, and he requested the employer to transfer him to lighter work but there was none available. He continued in the job until "forced to retire on October 19, 1963," according to the employer's statement submitted for the record.

The Board held the claimant eligible for benefits (upon a showing that he was actually available for work) and stated, as to his separation from work:

The claimant is a victim of modern automative progress now current in industry generally. After long service with one concern, his skills became obsolete and, due to his age and lack of early schooling, he cannot be trained for the new highly skilled operations of an automated plant. He accepted what work the employer could give him until it proved beyond his physical abilities and his acceptance of retirement under the employer's plan was not voluntary but forced upon him by circumstances beyond his control. He is not subject to disqualification under the statute.

Deciding such cases, where a specific objective fact (other than a union agreement or an employer policy) demonstrates that an apparently voluntary leaving was actually involuntary is comparatively easy. A far more difficult determination must be made when the claimant is retired because he fits into the pattern of the employer-union agreement or the clear-cut company policy. A recent Kentucky court decision (*Lawrence F. Muething* v. *Kentucky Unemployment Insurance Commission, et al.*, dated December 20, 1963, Kenton Circuit Court, Third Division, BSSUI, VL–495–191) denies benefits to a claimant who was retired under a plan providing that normal retirement age would be 65 years, but could be postponed, 1 year at a time, until age 70. Postponement was denied, after 2 years, in the case of the claimant.

Mr. Muething was an employee of the Kentucky Federal Savings & Loan Association for about 26 years. His last position was that of executive vice president. The association has in effect a retirement plan in cooperation with the savings association retirement fund of the U.S. Savings & Loan League. This plan has been in effect for quite a number of years. Mr. Muething was thoroughly conversant with the plan and its terms and was the moving force in having the association adopt the plan and provide the benefits of the plan for himself and its other employees. The plan provides that the normal retirement age is 65 but that retirement may be postponed, 1 year at a time, upon application by the employee, approved by the Board of Directors of the Association, but in no event may employment continue past age 70. Mr. Muething obtained two extensions of employment of 1 year each. His third request for an extension was denied and his employment terminated on December 31, 1962.

* * * * *

The court is satisfied that if Mr. Muething had been retired at age 65 he would not have been entitled to unemployment benefits. ***Kentucky Unemployment Insurance Commission*** v. ***Kroehler Manufacturing Company***, Ky. 352 SW. (2d) 212. ***Kentucky Unemployment Insurance Commission*** v. ***Reynolds Metals Company***, 360 SW. (2d) 746. The court fails to see any reason why the two extensions of employment would require it to reach a different result.

The Kentucky Court of Appeals held in the *Kroehler* (1961) and *Reynolds* (1962) cases that employees who are retired under compulsory retirement plans incorporated in collective bargaining agreements voluntarily leave their employment without good cause within the meaning of the Kentucky Unemployment Insurance Law.

Two general theories have been built up over the last decade as to the effect of compulsory retirement under such agreements. Under one theory, subscribed to by the highest judicial authorities in several States (e.g., Indiana, Kentucky, and Minnesota), a collective-bargaining agreement negotiated by the authorized union and ratified by union membership is deemed the voluntary act of each individual member of the union, and compulsory termination under such agreement is *voluntary* and disqualifying.

Under the other theory, benefits are granted on the basis that compulsory retirement under a collective bargaining agreement is *involuntary*. The employee did not want to give up his job, so, regardless of the employer-union agreement, his leaving was not voluntary and he is not disqualified for benefits as a *voluntary* quit by reason of

the termination of his employment. In some States this theory has crystallized into State policy, formal or informal, by reason of a decision of the highest State court; e.g., New Jersey (*Campbell* case), Pennsylvania (*Warner* case), Arizona (*Magna Copper* case), Alabama (*Reynolds Metals* case), or by a law amendment or regulation (e.g., California, Massachusetts, New Hampshire, Rhode Island).

Court decisions based on each of these theories were discussed in articles published in the June 1958 and October 1959 issues of *The Labor Market and Employment Security* under the titles "Compulsory Retirements Under Union Agreements—Voluntary Quits" and "Compulsory Retirements Under Union Agreements—A Second Round," respectively.

In States with no special legal provision or ruling by the highest court, reversals may be so frequent that a compulsorily retired claimant, even though he is able to work and wants to work and is seeking a job, may feel that his chance of obtaining benefits until he can find reemployment is anybody's guess. The uncertainty confronting claimants, employers, and the employment security agency in such States, as to the benefit rights of compulsorily retired claimants, has been brought into focus by three recent court decisions in Ohio.

The case of *Ethel M. Miller* v. *Bureau of Unemployment Compensation* (Ohio Court of Appeals, Fifth District, Ashland County, No. 485, May 1964), involves a claimant who was retired under the pension plan of a collective bargaining agreement. The employer agreed to contribute to the plan a certain amount per shift worked by each employee. It was provided that all employees covered by the collective bargaining agreement should begin retirement at the end of the month following the month in which they became 65 years of age. The claimant was retired under this provision. Her claim for unemployment benefits was disallowed by the administrator, the referee, and the Board of Review on the ground that she left her employment voluntarily. She appealed to the Common Pleas Court which held that the decision of the Board was unlawful, unreasonable, and against the manifest weight of the evidence. The employer appealed to the Court of Appeals. "The question," said the Court of Appeals, "is to determine whether or not the retirement of claimant under the provisions of the company-union contract constituted a voluntary or involuntary quit."

The court quoted from the Minnesota Supreme Court's opinion in the case of *Bergseth and Coonce* v. *Zinsmaster Baking Company et al.* (1958, 252 Minn. Rep. p. 66, BSSUI, VL–345–47) as follows:

> When, for one reason or another, an employer is required to dismiss his employee pursuant to the collective-bargaining agreement, questions regarding the voluntary or involuntary nature of the separation arise. By and large, if the contract contains reasonable provisions encompassing appropriate subjects for collective bargaining and is properly negotiated by the authorized agent and properly ratified by the union membership, it will be deemed to be the voluntary act of each individual member of the union, including any dissenters. The ratification forecloses any subsequent claim by an employee that actions which are incumbent upon him under the terms of the contract are involuntary and against his will.

Thus, the Court of Appeals, in the *Miller* case, defined and followed one of the traditional theories (i.e., that a compulsory retirement under an employer-union agreement is a *voluntary* leaving). The fact that the Ohio statute provides a disqualification for the individual who has "quit his work without just cause," unlike the usual provision disqualifying the individual who has left work "voluntarily without good cause," appears to have made no material difference in the choice of theory.

In a case where the factual situation was a little more complicated (*Administrator* v. *Columbus Coated Fabrics Company, Division of the Borden Company*, Ohio Court of Common Pleas, Franklin County, No. 215,842, Aug. 10, 1964) an Ohio court of common pleas pointed out:

> All counsel agree, and I hold, that there is no express statutory provision which directly covers a situation such as that presented by this record.

The union contract provided for pensions for production employees and the claimant was a direct beneficiary within the pension phases of the union contract. There was a general recitation that a union member should have the right to retire voluntarily (and start receiving pension benefits), and the employer should have the right to force retirement of a union member, upon attaining age 65, subject to a year-to-year continuance to the age of 68 if certain conditions were met. The pension committee had authority to make rules and regulations. One such rule provided that continuation in service beyond normal retirement date must be approved on a year-to-year

basis. It provided: "No requests to continue persons beyond age 68 may be approved." However, there was a discrepancy in the age record of the claimant, and when he was found to be age 69, he was allowed to work one more month in order to qualify for an increased pension. The Court further pointed out that the claimant after retirement became eligible to receive monthly (1) social security checks and (2) pension checks under the Borden Company pension plan.

The court held that the claimant was "discharged for cause in connection with his work," but on this basis ruled that the order appealed from (that the claimant quit his employment without just cause) "was lawful, reasonable, and supported by the evidence in the requisite amount" and affirmed it.

The case of *Harry L. Patton* v. *Board of Review*, as decided by the Common Pleas Court, Allen County (Nos. 49818, 49813, 49775), on July 8, 1964, upholds the theory that a mandatory retirement under a collective bargaining agreement is an *involuntary* separation, and not disqualifying. Pensions at company expense were provided in the agreement for employees who had at least 10 years of service with the company. Claimant *Patton* had been employed for 41 years. He was retired at age 65 under the collective-bargaining agreement that "retirement shall take effect whether or not the employee has filed an application therefor and whether or not the employee so retiring is eligible for retirement benefits under this plan." The administrator's decision was that the claimant quit without just cause "as claimant accepted this established policy as a condition of his employment." The referee affirmed this decision, but found as a fact:

> At the time of his retirement, claimant was physically able to continue the type of work that he had been doing and would have preferred to continue working, foregoing an employer-paid pension and the Social Security benefits to which he would have been entitled. The retirement provision of the agreement was the sole reason for termination of employment.

The court, after stating that the Ohio Supreme Court had not ruled on this specific question, discussed landmark court decisions from other States, noting the conflict of authority on the question. The Court then adopted the reasoning of the New Jersey Supreme Court in *Campbell Soup Company* v. *Division of Employment Security* (1953, 13 N.J. 431, 100 A. 2d 287, BSSUI, VL–345–15), which allowed benefits in a substantially similar case. From Justice Brennan's opinion in that case, the Court quoted:

> If the inquiry is isolated to the time of termination, plainly none of the claimants left voluntarily in the sense that on his own he willed and intended at the time to leave his job. On the contrary, each claimant resisted his termination and left against his will only upon the employer's insistence that the contract obligations gave neither of them any alternative but to sever the relationship.
>
> We think the leaving was involuntary in the statutory sense.

Quoting further from the *Campbell Soup Company* decision:

> The Act is designed to provide unemployment compensation for workers who ordinarily have been workers and would be workers now but for their inability to find suitable jobs.

As in the New Jersey decision, the Court said that in the *Patton* case "at the time of termination," the claimant's leaving was compulsory, as neither the company nor the employee had any alternative but to comply with the terms of the contract, with automatic termination of employment at age 65. The record showed that it was the desire of the claimant to continue employment. The Court commented:

> The provision for automatic retirement at age 65 would seem to inure to the benefit of both the company and the union, for the company is assured of a constant flow of younger employees, less susceptible to accident, injury and illness; and incentive is provided for younger employees, members of the union, to stay with the company, as their seniority would increase as older workers would leave the employment of the company.

The Court pointed out that compulsory retirements under collective bargaining agreements were also held involuntary under decisions of the highest courts in the States of Pennsylvania, Arizona, and Alabama. *Warner Co.* v. *Unemployment Compensation Board of Review* (1959, 396 Pa. 545, 153 A. 2d 906, BSSUI, VL–495–45); *Employment Security Commission* v. *Magna Copper Co.* (1961, 90 Ariz. 104, 366 P. 2d 84, BSSUI, VL–475.1–9); *Reynolds Metals Co.* v. *Thorne* (1961, 133 So. 2d 709, BSSUI, VL–495–123, certiorari denied 1961, 272 Ala. 709, 133 So. 2d 713). Such retirements, on the other hand, were held voluntary by courts of last resort in Minnesota (*Bergseth* case, cited above) and Indiana (*Ball Brothers Co. Inc* v. *Board of Review et al.*, 189 N.E. 2d 429, 1963, BSSUI, VL–495–181).

It was pointed out in *The Labor Market and Employment Security* articles cited above that California and Massachusetts legislative sessions had responded to decisions denying benefits to individuals whose employment had been terminated under the compulsory retirement provisions of collective bargaining agreements by adopting statutory amendments to counteract such decisions.

The Rhode Island Employment Security Act was amended to provide, under section 28–44–17: "On and after November 16, 1958, an individual who leaves work voluntarily without good cause shall be ineligible, provided, however, that any individual who leaves his work pursuant to a plan, system or program, public or private, providing for retirement, and who is otherwise eligible, shall under no circumstances be deemed to have left voluntarily without good cause."

The New Hampshire unemployment compensation law provides that the benefit rights of individuals who become unemployed due to retirement shall be decided in accordance with regulations of the commissioner. Regulation No. 32, effective April 1, 1964, provides in part:

B. *Involuntary Retirement*

(1) *Definition.* An individual shall be deemed to have involuntarily retired if at the time of retirement he was prohibited by the employer, due to (i) a negotiated contract, (ii) a company policy, (iii) or otherwise, from continuing in the employ of the employer by reason of his age.

(2) *Entitlement.* An individual who has been involuntarily retired shall, if otherwise eligible and not disqualified, be entitled to receive benefits including the waiting period in the 27 weeks immediately following the week in which such retirement occurs.

In view of the ever-changing patterns and conditions of employment brought about by the quick changes of this age of automation and technological expansion, it cannot be said that any retirement is actually either compulsory or voluntary without knowing the facts. The employee may be "retired" because the employer wants younger or stronger workers or workers more able to learn new methods. He may desire to "retire" to obtain a pension or a better job with another employer. He may be compulsorily retired under the terms of a collective bargaining agreement, even though he wants to continue working and is able to continue working. Can it be said that the claimant who is "retired" against his wishes and over his objections (or when he is given no chance to object) has, at the time of termination, retired *voluntarily?*

Unemployment Insurance Decisions*

Singing Postman

Alabama.—The claimant alleged that he resigned because of his health. The Federal employer advised: "Employee states that he is resigning because he had been asked not to sing while he was delivering the mail." The claimant explained that he would sing in order to break the monotony of a long walk while delivering the mail. He had not meant to disturb anyone, and was unaware that he had until the employer told him that any singing must be done softly because there were complaints that it had awakened someone who was sleeping. The claimant tried not to sing; but when he did sing he kept the tone soft and low. Then the employer said that there could be no singing at all on the job because more complaints had been received. The claimant stopped singing for 3 days and this made his work more tiring as he felt caged in, and the route got longer and longer and the mailbag got heavier and heavier. He knew that working under these restrictions would eventually make him hate his job and would then affect his health, so he decided to resign. At the hearing, the claimant testified that he had been in a veterans hospital on two occasions because of nervous breakdowns. He stated that the restrictions about his singing would have resulted in injury to his health or, possibly, another nervous breakdown. The claimant was disqualified for voluntary leaving without good cause connected with the work. The employer's request that he discontinue singing while on the mail route was not unreasonable. His problem was held to be personal and not related to the actual work assignment he had with the employer. (UCFE–7378–AT–64, July 28, 1964.)

Earthquake Hazards

Alaska.—While an Anchorage beautician was on duty, an earthquake destroyed the building in which she was

*Prepared in Division of Determinations and Hearings, Office of State Operations, Unemployment Insurance Service, Bureau of Employment Security.

working. She had to abandon her equipment in her escape from the premises. By military order, people were not permitted to reenter the building, even to recover their personal effects. Subsequently, through the efforts of the salvage crew, most of her equipment was recovered. Meanwhile, she was referred to two employers for work as a beautician. On each job she would be required to furnish her own equipment. She refused one of the jobs because her equipment and supplies were unavailable. The appeals referee concluded that, while she did in fact refuse an offer of available suitable work, her lack of equipment and inability to replace or recover this equipment established good cause for the refusal. The claimant was informed by the other prospective employer that the job would not be available until a later date. When she recovered or replaced the necessary equipment, she continued to contact this employer, and became employed when the position actually became available. There was no evidence, said the referee, that the claimant was unavailable for work during the period. (AW–1556, June 29, 1964.)

They Wanted To Come Home

California.—The claimant had served overseas for the U.S. Government since 1951. While overseas he married. Most of the time he had worked in Guam, in the South Pacific, and in Cuba—his last station being at Guantanamo, Cuba. He had not been in the Temperate Zone for a long period of time. In 1963, he resigned to reestablish stateside residence. The referee, in granting benefits, pointed out that the claimant had been absent from the continental United States for 13 years. Both he and his wife desired to return to the country of their birth. This was reasonable. To request people to reside outside of the precincts of their native land for extended periods of time, and to have them deprived of the advantages to which their citizenship entitles them, the referee regarded as unreasonable. The claimant left his work voluntarily, but with good cause, and was not disqualified. (SF–UCFE–7691, Aug. 14, 1964.)

Delayed by Zoning Requirements

New Hampshire.—A dentist, discharged from the U.S. Navy, planned to open a dental office. Because of zoning requirements where he was establishing his office, the opening was delayed. His only training was in dentistry. While he thought he might be available to assist some other dentist during vacation times until he could open his office, he indicated that dentists are reluctant to have others assume any of their practice. The Appeal Tribunal found that he had no reasonable prospect of employment. His attachment to the labor force was limited because he was establishing himself in self-employment. He was unavailable for work. (No. 1290–64, UCX, Sept. 4, 1964.)

Expunged Record?

New York.—Three years previously, the claimant had been picked up with some other young men in connection with a felonious assault. The real culprit was identified and held. The charge against the claimant was dismissed, and his fingerprint card was returned to him. The record of the arrest still existed, however, and it was discovered when the employer's security department checked the claimant's application for employment. The claimant was discharged for falsification of his employment application. He had answered "No" to the question asking whether he had ever been arrested for any crime exclusive of a traffic violation. The claimant contended that his attorney had advised him that insofar as he, the claimant, was concerned, there was no record and that he would not even be considered as having been arrested. Nevertheless, said the referee, the claimant had been arrested, knew he had been arrested, and failed to disclose it. This was misconduct in connection with his employment. (No. 545–269–64, affirmed by Appeal Board decision No. 112,984, May 21, 1964.)

Innocent Until Proven Guilty

North Dakota.—The assistant secretary of a savings and loan association appealed from a determination that he had left this employment voluntarily without good cause. Only the claimant appeared at the hearing before the Appeal Tribunal. The tribunal found that the claimant was an officer of a South Dakota corporation, and had been arrested on a charge of selling unregistered securities. The arrest was publicized and the savings and loan association asked that the claimant resign because his status might be injurious to the employer's public relations and business. The claimant did resign but denied selling any unregistered securities. The appeal tribunal said that, while the claimant had been charged by a State agency with violating a law, the charges had not been proven nor had his case come to trial before a court of competent jurisdiction. Under the law, an individual is innocent until proven guilty. He did not *voluntarily* leave but was threatened with discharge if he did not submit his resignation. He left at the expressed request and threat of his employer. There was no evidence to support the contention that he was discharged for misconduct connected with his work. (AT–1–7696–64, July 21, 1964.)

Boy Friend Objects

Pennsylvania.—A waitress worked for 2 days for an employer who was licensed to sell intoxicating beverages, and then left because her boy friend objected to her working in a tavern. A decision of the Pennsylvania Unemployment Compensation Board of Review upheld the referee's decision that she quit without genuine and compelling reasons. The board remarked: "While the claimant testified that she quit her job because of her religious beliefs, she did not mention such beliefs in her statement to the bureau following her termination, nor did she apparently have such misgivings when she accepted the employment in the first place." (No. B–87970, Sept. 16, 1964.)

Trends in the Economy*

THE NATION'S economic picture remained generally bright in September, with further gains in several sectors of the economy, and activity in most others remaining at, or near, recently established highs. Gross national product, reflecting the continued high level of consumer purchases, rose substantially in the July–September quarter. Steel output continued to increase, setting a postwar record tonnage figure for the month. New orders for durable goods gained slightly over the month and the rate of personal income rose to a new high, mainly due to higher wage and salary payments. The industrial production index, however, showed little change from August, and construction expenditures were also virtually unchanged, mainly because of the continuation of a recent slackening in home building. Retail sales, despite a high volume of automobile purchases, eased during the month. A labor dispute affecting one of the major auto producers closed its plants throughout the Nation in late September. Key measures of the economy, nevertheless, were well above year-earlier levels, and despite the appearance of a few limiting factors, the outlook for the fourth quarter was optimistic.

Business Activity

Gross national product in the July–September period was up by $8.9 billion to a seasonally adjusted annual rate of $627.5 billion—some $40.3 billion above the rate of the comparable quarter in 1963. This latest gain, although somewhat less than the $9.8 billion rise in each of the previous two quarters, was above the average quarter-to-quarter increase of $8.1 billion during 1963. The major factor in the lowered rate of GNP increase was a $2 billion reduction—from $3.7 to $1.7 billion—in the rate of business inventory accumulation. Final demand increased more sharply in the July–September period than in the previous quarter. The most recent GNP rise—the 14th consecutive quarterly gain—was attributable, in large part, to increased consumer outlays, as gains were shown in spending for both durable and nondurable goods, and for services. Consumer purchases were at an annual rate of $404.5 billion during the 1964 third quarter—$8.4 billion above the April–June level and $27.1 billion above the third-quarter rate in 1963.

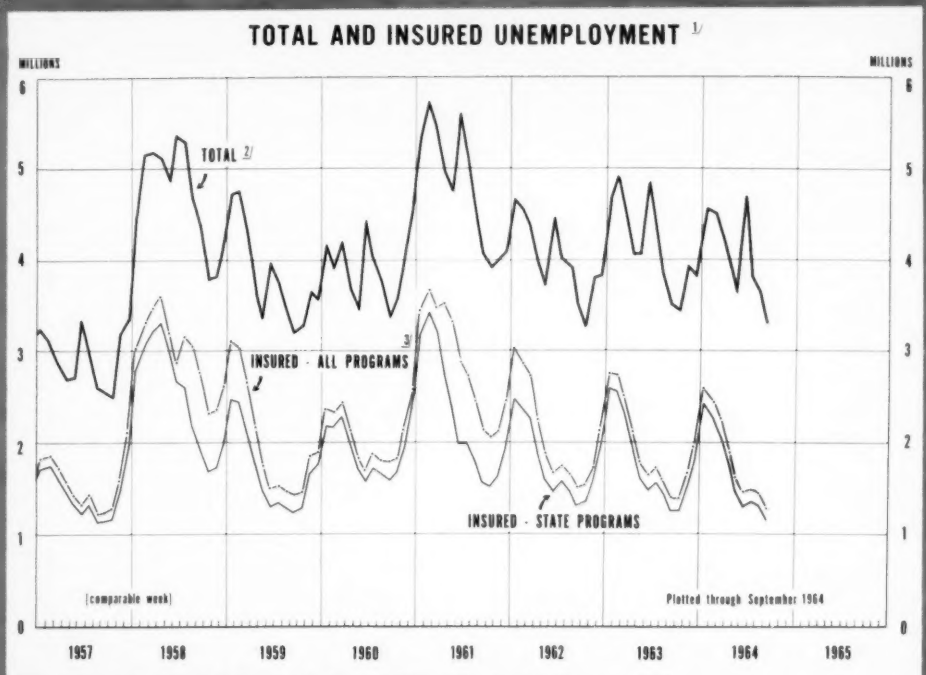
The rate of gross private domestic investment slipped to $86.5 billion in the 1964 third quarter from $87.2 billion the preceding quarter, chiefly as the result of the drop in the rate of business inventory accumulation.

Federal Government purchases, as a result of cutbacks in defense spending, edged down to a $66 billion rate in the third quarter from a $67.1 billion rate. The rate of defense outlays decreased to $55.7 billion from $57.0 billion in the previous quarter. State and local government purchases rose by $1.5 billion over the quarter to a $64 billion rate.

The *industrial production index* in September, at 133.9 percent of the 1957–59 average (seasonally adjusted), was virtually unchanged from the revised August index of 133.7 percent. Although the September figure established a high for the series, the rise was the smallest month-to-month increase for this year. The manufacturing index rose slightly over the month, from 134.7 to 134.8 percent, as a rise in the nondurable goods index more than offset a small reduction in the index for durables. The small decline in the durable goods index—from 136.0 to 135.6 percent—was primarily the result of a less-than-usual increase in auto output between August and September. Output of nondurable goods rose from 133.0 to 133.7 percent, while the mining index moved up from 112.5 to 113.0 percent. The measure of utilities output, at 152.0 percent, was unchanged over the month.

Steel output continued high throughout September as some 10.7 million tons, or about 2.5 million tons per week, were produced. August production averaged 2.4 million tons per week, while in September of 1963, 1.8 million tons per week were produced. The high level of steel output (postwar highs were set for each of the months July, August, and September) continued to be spurred by demand from the construction and auto industries. Output in October is expected to be strong despite

*Prepared in the Office of Program Reports and Research, Administration and Management Service, Bureau of Employment Security.



[1] Total unemployment includes Alaska and Hawaii beginning January 1960. Insured unemployment includes Alaska and Hawaii beginning July 1959 and Puerto Rico beginning January 1961.
[2] Source: Bureau of the Census and Bureau of Labor Statistics. Data revised for past periods to conform to definitions effective January 1957.
[3] Includes State, Veterans', Ex-servicemen's, Federal Civilian Employees', and Railroad Programs. Also includes Federal and State programs for temporary extension of benefits beginning June 1958.

the auto industry strike, since producers have been storing tonnage on which shipments have been delayed or they have been switching to processing of much needed steel for other customers.

U.S. producers manufactured 572,800 *autos* during September as full-scale production of 1965 models began. Output was nearly 16 percent greater than that of September a year ago, in spite of the labor dispute which stopped production during the last week of the month at plants of a major producer.

The September $19.8 billion total (seasonally adjusted) of *new orders for durable goods* was some 2 percent above the August figure and 13 percent above the September 1963 total. The volume this September, however, was well below the record $21.3 billion set in July. The over-the-month rise was largely the result of an advance in orders for primary metals, as new orders in this sector rose to $3.8 billion from August's $3.3 billion. New orders for machinery, however, slipped from $5.7 billion in August to $5.4 billion in September.

Shipments of durable goods edged downward in September to a seasonally adjusted $19.1 billion from $19.2 billion the month before, mainly as the result of a decline in the adjusted rate of *automotive* shipments. The record shipment figure is $19.9 billion, set in July of 1964.

The backlog of unfilled orders for durable goods rose to $52.1 billion (seasonally adjusted) in September from the $51.4 billion of the previous month, with backlog increases among components

of the primary metals industry largely accounting for the rise. The order backlog was 11 percent greater than a year ago.

The seasonally adjusted annual rate of *personal income* moved up to a record $497.1 billion in September—$2.2 billion above the rate in the previous month. The increase, although less than the July-to-August rise of $3.5 billion, was about equal to the average monthly increase for the first 8 months of the year. Most of the September gain took place in wage and salary payments; this rate moved up by $1.8 billion over the month to $336.4 billion. Widespread gains in factory payrolls (especially in primary metals and transportation equipment) were the primary factor in the increase. Manufacturing payrolls were up by $800 million to an annual rate of $104.6 billion in September. Compared with a year earlier, the rate of personal income was up by 6 percent.

At a September volume of $22.0 billion (seasonally adjusted), *retail sales* were down by 1 percent from the record sales figure set in the previous month. Sales of nondurable goods dropped by 2½ percent to a September volume of $14.6 billion, as a slight increase in food store sales was more than offset by declines in most other lines. This dip marked the first decline in the nondurable goods sector this year. Sales of durable goods, on the other hand, rose for the third consecutive month, moving up by 2 percent to a total of $7.5 billion. Increased sales volumes in autos, lumber, building supplies, hardware, and farm equipment accounted for the gain. Auto sales continued high as 568,200 cars were retailed during the month—the highest September sales volume since 1955. Total retail sales were 8 percent above those of a year ago, with durable goods sales up by 13 percent, and sales of nondurable goods showing a gain of 5 percent.

The level of *construction spending* remained virtually unchanged in September, following a slight decline in August. Outlays for new construction during September were at an annual rate of $65.9 billion (seasonally adjusted) compared with rates of $66.0 billion in August and $66.6 billion in July. Spending on homebuilding eased during the month as the rate dropped to $26.1 billion in September from $26.3 billion in the previous month.

Actual spending during September totaled about $6.1 billion, down by 1 percent from August. Both public and private construction outlays declined slightly (by 1 percent)—to $4.2 billion and $1.95 billion, respectively. Spending in both categories showed gains compared with a year ago; 3 percent in the private sector and 5 percent in the public sector.

Private housing starts (including farm dwellings) were at a seasonally adjusted annual rate of 1,484,000 in September—4 percent above the August figure but 15 percent below that of September a year ago. The rate was at a record 1.8 million in October 1963 but has moved down irregularly since then, and the rate of this August (1,424,000) and September (1,484,000) were the lowest since January 1963 (1,314,000).

Employment

Total civilian employment, at 70.8 million in September, was down by 1.3 million from the previous month—about the usual decline for this time of year. With the termination of many summer activities and the opening of schools, about 1.7 million teenagers left summer jobs and returned to their classes. The opening of schools was a major factor in an employment increase of about one-half million among adult women, largely teachers and other school employees. Employment of adult men moved down slightly over the month. Since September 1963, total civilian employment has increased by about 1.3 million, with each major segment of the population sharing in the gain. Employment of adult men and women rose by about one-half million each, while employment among teenagers advanced by 300,000. Farm employment declined seasonally from August to 5.2 million in September—a decrease of 170,000 over the month and 96,000 over the year.

Among those employed in September were some 2.0 million nonfarm workers on part-time for economic reasons—down 386,000 over the month and 249,000 over the year. The September level was the lowest for the month since 1959.

Unemployment

Total unemployment declined by 350,000 between August and September to 3.3 million—the lowest September level since 1959. A year ago, the jobless total was 3.5 million. The seasonally adjusted rate of unemployment edged up from 5.1 percent in August to 5.2 percent; in September a year earlier, the rate was 5.5 percent. Measured in terms of quarterly averages, the unemployment

rate has declined steadily since the fourth quarter of 1963, when it was 5.7 percent. The rate dropped to 5.5 percent in the 1964 first quarter, 5.3 percent in the second, and 5.1 percent in the third quarter.

For adult men, the unemployment rate edged up from 3.7 percent in August to 3.9 percent in September. In September 1963, the rate was 4.1 percent. The jobless rate for teenagers declined from 15.0 percent in August to 14.2 percent in September. The rate for adult women, at 5.0 percent in September, was down only fractionally from August but was well below the 5.5 percent rate of September a year ago.

Included in the September jobless total were 750,000 long-term unemployed—little changed from the August level but about 100,000 less than a year ago. Most of the over-the-year improvement was among those out of work 6 months or more.

Insured unemployment totaled 1.2 million in mid-September—some 159,000 less than that in mid-August and 137,000 less than a year ago. The volume this September was the lowest recorded for any month since September 1957. (See "Unemployment Insurance Activities," p. 23, this issue.)

A weekly average of 194,400 *initial claims* were filed under State programs in September; this compares with 212,200 in August and 226,500 a year ago. The September decline, about seasonal, reflected fewer layoffs in auto plants and increased activity in the food processing and metals industries.

Unemployment Insurance Activities*

DURING September, State insured unemployment averaged 1.1 million per week—down 11 percent from August and the lowest volume for any month since September 1957. Recalls of auto workers following the model changeover period, plus increased activity in the metals and auto-related industries and in food processing, contributed to the decline.

Insured unemployment fell more sharply than usual during the early part of this year—from a seasonally adjusted level of 1.8 million in January to 1.5 million in May. About the usual seasonal changes have occurred since May, and the adjusted level remained at 1.5 million in September.

Between August and September, insured unemployment under the two Federal programs also decreased—by 1,300 to a weekly average of 24,100 among civilian Federal employees (UCFE program), and by some 6,100 to a 36,400 average for ex-servicemen (UCX program).

For the Nation as a whole, the rate of insured unemployment (not seasonally adjusted) was 2.5 percent in September, compared with 2.9 percent in the preceding month and 3.0 percent a year earlier. The highest rates (unadjusted) this September were reported by Puerto Rico (6.7 percent), Washington (4.9 percent), California (4.3 percent), Massachusetts (3.8 percent), and Arizona, Maine, New York, and Rhode Island (3.3 percent each). Thirty-one States had a rate below the national average. This group included five of the larger industrial States—Illinois, Indiana, Michigan, Ohio, and Texas.

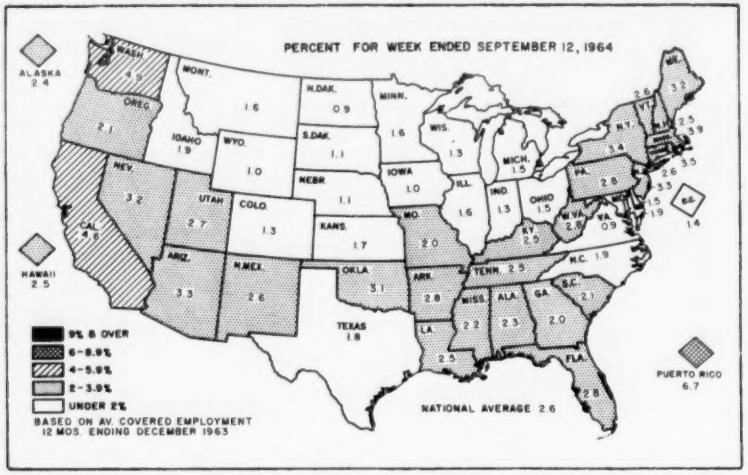
Insured Unemployment Declines Widespread

Forty-five States and the District of Columbia showed declines in insured joblessness between August and September; *Michigan* reported the largest reduction. In this State, insured unemployment dropped by 43,700 to 26,200. Most of the decline reflected the recall of auto workers, although there were sizable reductions in the unemployment of fabricated metals workers. Compared with year-earlier figures, insured joblessness was down by 14,500. The bulk of this decline was among jobless factory workers, largely those from the auto and auto-related industries and from nonelectrical machinery plants.

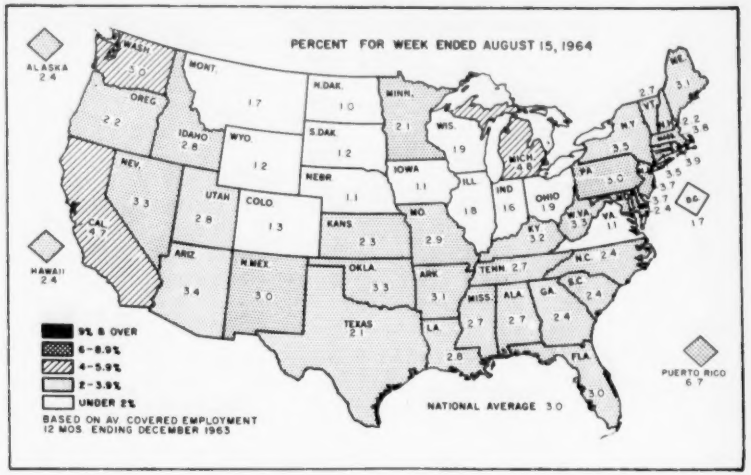
*Prepared in the Office of Program Reports and Research, Administration and Management Service, Bureau of Employment Security.

STATE INSURED UNEMPLOYMENT AS PERCENT OF AVERAGE COVERED EMPLOYMENT

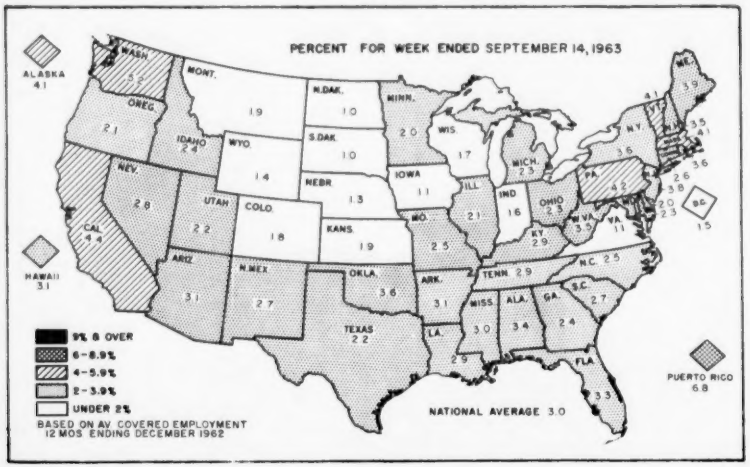
LATEST MONTH



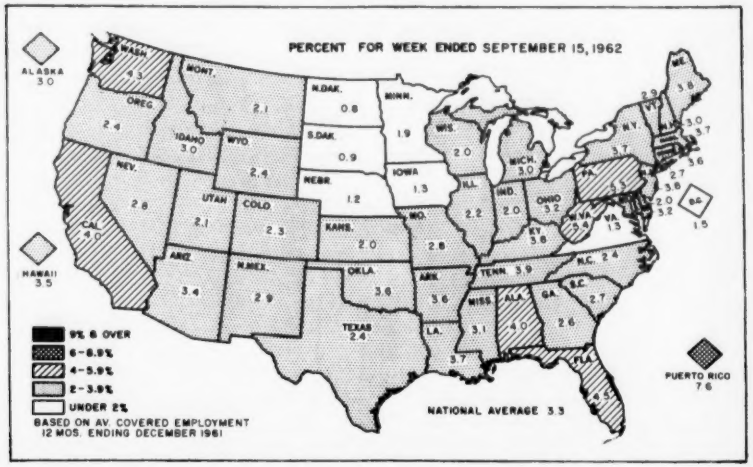
PREVIOUS MONTH



ONE YEAR AGO



TWO YEARS AGO



Week ended—	Initial claims [1]		Insured unemployment [1]	
	1964	1963	1964	1963
Aug. 1	263, 800	301, 600	1, 337, 400	1, 464, 800
Aug. 8	265, 200	290, 500	1, 336, 300	1, 488, 500
Aug. 15	203, 600	247, 100	1, 312, 200	1, 467, 000
Aug. 22	196, 200	228, 200	1, 237, 500	1, 426, 800
Aug. 29	186, 900	216, 400	1, 182, 400	1, 359, 700
Sept. 5	195, 700	214, 900	1, 128, 500	1, 337, 400
Sept. 12	171, 000	225, 200	1, 153, 000	1, 290, 300
Sept. 19	201, 000	238, 400	1, 118, 200	1, 283, 100
Sept. 26	199, 600	222, 700	1, 113, 300	1, 276, 800
Oct. 3	212, 200	249, 400	1, 106, 400	1, 286, 700
Weekly averages				
August	212, 200	250, 700	1, 260, 500	1, 438, 200
September	194, 354	226, 500	[2] 1, 125, 265	1, 296, 400

[1] Refers to State programs only. [2] Average through Sept. 30, 1964.

A decline of 9,500 between August and September lowered *California's* average insured unemployment volume to 181,600. The reduction reflected recalls by auto firms and increased hiring in the food processing and construction industries. From September 1963, California showed an increase of 8,300 in insured joblessness; slightly more than four-fifths of this rise was among workers from construction, trade, and services. Most of the remainder was due to less employment in ordnance and rubber plants.

Ohio reported an over-the-month decline of 8,900 to 36,200. Slightly more than half of the decrease occurred among workers from manufacturing industries (primarily transportation equipment, fabricated metals, and electrical machinery), and a fifth of the reduction was among trade workers. From a year earlier, insured unemployment was down by 19,100. More than one-third of this decrease was due to less unemployment among metals and electrical machinery workers, and another third was among workers from the construction, trade, and service industries.

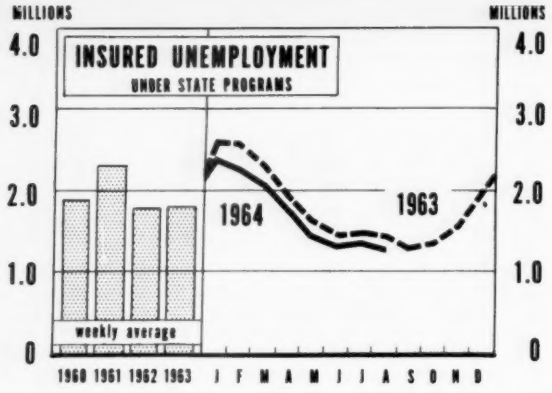
In *Missouri*, insured unemployment averaged 18,900 in September—about 7,500 below the August figure. This drop resulted mainly from the recall of workers in the auto industry. Over the year, insured unemployment showed a decline of 6,300—due largely to fewer jobless workers in the transportation equipment, food processing, electrical machinery, and service industries.

Insured joblessness in *New York* averaged 168,600 this September—down by 6,900 from August. Over one-half of the reduction was among workers from transportation equipment. There were also moderate unemployment declines in the number of jobless from the food processing and paper industries, but seasonal cutbacks caused a small rise in the number of unemployed apparel workers. From September a year earlier, insured joblessness was down by 18,400. About three-fifths of this decline occurred in the manufacturing sector—primarily among workers in metals, electrical machinery, food processing, and chemical firms. Less unemployment among workers from public utilities and trade establishments accounted for most of the jobless decrease in nonmanufacturing industries. At the same time, there were over-the-year employment decreases in the printing and publishing, construction, and service industries.

Puerto Rico showed the largest August-September rise in insured joblessness—up by 11,500 to 68,400—due mainly to seasonal unemployment among sugarcane workers. This was about

Activity [1]	Number or amount, August 1964	Percent change from—		January–August cumulative (in thousands)	
		July 1964	August 1963	1964	1963
Initial claims [2]	937, 000	−24. 3	−13. 7	9, 310	10, 270
Weeks claimed [2]	5, 525, 300	−5. 6	−11. 7	60, 993	67, 969
Insured unemployment (weekly average) [2]	1, 260, 500	−6. 2	−11. 2	1, 753	1, 952
Beneficiaries (weekly average)	1, 084, 700	−2. 1	−11. 1	1, 531	1, 699
Benefits paid [3]	$164, 509, 900	−8. 9	−11. 9	$1, 873, 598	$2, 044, 315
Claimant exhaustions	95, 400	−13. 3	−17. 6	1, 009	1, 144

[1] Data relate to State programs only.
[2] Includes agent State claims taken by the Virgin Islands; also includes data under Puerto Rico sugarcane program.
[3] Monthly data represents gross amount; cumulative data represent net amounts.



15,500 above the volume of a year earlier, soon after the program for sugarcane workers was started.

Three States with relatively moderate over-the-month changes in insured joblessness showed substantial decreases from September 1963. *Pennsylvania* reported a drop of 44,100, with slightly more than one-half of this reduction occurring in manufacturing industries. The largest decrease in this sector was among primary metals workers, followed by electrical and nonelectrical machinery, and food processing workers. In nonmanufacturing, sizable declines in joblessness occurred among workers from the construction, trade, service, and mining industries. About two-thirds of a 14,200 decline in *Illinois* was attributed to less unemployment among the metals, electrical machinery, construction, and trade industries. For the same period, *New Jersey* reported an insured unemployment drop of 9,900. With the exception of sizable unemployment decreases among transportation equipment and trade workers, most over-the-year changes were small and scattered over a wide variety of industries.

Initial Claims Decline Seasonally

Unemployed workers filing initial claims under State programs in September averaged 194,400 per week—down 17,800 from August and some 32,100 under the year-ago level. The decline from August was about seasonal and reflected fewer layoffs in auto plants and increased activity in the food processing and metals industries. Under the UCX program, initial claims averaged 5,550 per week—about 550 less than in August. Jobless civilian Federal workers (UCFE program) filed an average of 2,350 claims per week in September; this approximated the preceding month's volume.

Claimant Exhaustions Continue Downtrend

During September, about 924,000 persons dropped out of the State unemployment insurance programs—100,000 below the figure for both August and a year earlier. Some 91,000, or nearly 10 percent of those who ceased filing this September, had exhausted their benefit rights. This represented a drop of 4,400 from the month-earlier level and 11,400 from the year-earlier total. Most of the remainder of the September 1964 dropouts (833,000) presumably had been recalled to work or had found new jobs, although some may have left the labor force or been disqualified for receipt of benefits.

Total Jobless Benefits Show Marked Decrease

In August, a little more than $180 million in benefits was paid to insured unemployed workers under all regular unemployment insurance programs, compared with $196 million in July and approximately $205 million in August 1963. Benefits paid under the State programs this August were down $16 million from July to not quite $165 million. Under the railroad program, benefits amounted to $5.2 million, while under the two Federal programs, an aggregate of $10.5 million was disbursed.

Under State programs, the average weekly benefit check in August for total unemployment was $35.60, an increase of 25 cents from the July figure and 93 cents more than the August 1963 amount. The highest average weekly benefits this August were paid in California ($47.73), Delaware ($43.45), Colorado ($42.46), and Wisconsin ($42.39). Puerto Rico and four States—Maine, Mississippi, North Carolina, and West Virginia—reported weekly benefits averaging less than $25.

Of all unemployment benefit checks paid in August, about 7.7 percent were for partial unemployment—slightly less than the 7.8 percent in July. The proportion of claimants receiving weekly checks for partial unemployment ranged from 2.3 percent in Puerto Rico to 13.3 percent in South Dakota, 15.3 percent in Idaho, and 19.9 percent in North Dakota. The average weekly check for partial unemployment amounted to $22.09—26 cents less than in July but $2.27 over the August 1963 figure.

SELECTED UNEMPLOYMENT INSURANCE STATISTICS, STATE PROGRAMS, AUGUST 1964

State	Initial claims received 1/ 2/	Weeks claimed 2/	Number of insured unemployed (weekly average) 3/	Number of beneficiaries (weekly average) 3/	Average weekly payments for total unemployment	Number of final payments 4/	Benefits paid 5/	12 months ending August 31, 1964 (in thousands)		Funds available August 31, 1964 7/ (in thousands)
								Benefits paid 6/	Collections and interest	
Total, 52 States	8/ 936,967	8/ 5,525,288	8/ 1,260,500	1,084,658	$35.60	95,408	$1,645,098,92	$1,634.59	$586.619	$7,329.582
Alabama	9,629	66,398	14,399	12,180	25.60	1,589	1,285,782	1,283	5,088	81,281
Alaska	668	3,988	799	811	34.18	67	114,346	113	1,701	10/ 9,108
Arizona	7,229	38,053	8,964	7,072	36.13	800	1,060,000	1,051	2,446	67,641
Arkansas	6,398	41,498	9,578	7,147	25.98	820	760,927	752	2,082	30,349
California	133,170	816,589	191,077	165,511	43.73	16,360	37,114,432	9/ 37,006	124,020	707,105
Colorado	4,754	29,201	4,741	3,421	42.46	289	594,422	610	3,628	56,357
Connecticut	16,697	110,363	25,319	22,899	36.56	2,472	3,463,238	3,426	7,866	160,696
Delaware	3,941	17,408	4,096	4,250	43.45	265	745,186	743	1,298	18,611
Dist. of Col.	2,195	20,576	4,825	4,828	37.09	339	748,541	656	1,462	63,467
Florida	15,727	122,504	28,945	23,469	26.55	2,606	2,584,765	2,546	7,908	153,850
Georgia	12,717	77,956	18,837	13,768	29.31	1,750	1,599,427	1,598	6,338	169,216
Hawaii	2,249	17,279	4,170	3,621	39.82	281	577,808	529	867	18,802
Idaho	1,682	14,785	3,270	2,716	32.56	4	351,794	9/ 344	1,574	27,063
Illinois	31,853	208,562	47,773	42,790	36.58	5,508	6,431,442	9/ 6,412	39,444	479,657
Indiana	16,700	92,330	17,158	16,895	31.06	1,990	2,113,397	2,075	6,216	160,111
Iowa	4,222	22,285	5,068	4,079	29.29	440	475,022	476	2,371	110,024
Kansas	5,355	32,912	7,487	6,512	37.84	564	1,012,482	1,004	1,519	62,379
Kentucky	8,466	62,869	14,602	11,032	31.64	1,561	1,371,855	1,376	4,927	109,146
Louisiana	9,376	64,368	15,518	13,839	30.27	1,590	1,695,249	1,677	1,510	111,425
Maine	3,629	25,992	6,052	4,790	24.08	0	463,134	461	1,294	29,469
Maryland	14,074	73,819	17,224	15,914	34.46	1,056	2,229,906	2,220	15,709	149,528
Massachusetts	36,407	244,975	57,371	52,477	38.45	4,981	8,028,723	7,972	28,807	200,674
Michigan	83,379	377,654	69,864	66,416	40.65	2,670	11,150,047	10,247	1,742	10/ 398,694
Minnesota	7,609	63,027	13,555	12,117	28.73	1,492	1,427,535	1,403	4,796	24,401
Mississippi	4,954	32,291	7,550	6,307	24.25	746	683,938	619	3,135	46,555
Missouri	28,971	106,014	26,373	18,079	33.68	1,521	2,397,274	2,395	1,004	217,110
Montana	1,621	9,001	1,917	1,728	30.43	208	224,051	216	907	19,807
Nebraska	2,316	11,987	2,607	2,501	31.87	334	326,783	326	1,609	41,237
Nevada	3,357	16,467	3,741	3,817	38.79	430	610,313	597	2,091	29,119
New Hampshire	2,964	15,953	3,609	2,812	31.34	0	349,891	347	1,690	25,418
New Jersey	40,165	252,174	58,048	56,425	39.81	5,597	9,180,194	9,134	31,978	299,551
New Mexico	3,894	20,850	4,513	3,620	29.51	360	439,646	434	1,110	35,219
New York	140,867	758,502	175,524	165,328	38.62	11,332	25,464,864	25,198	73,811	1,226,509
North Carolina	20,296	114,615	22,984	22,432	23.56	1,936	2,132,038	2,127	5,089	210,659
North Dakota	390	3,384	729	633	35.15	65	91,870	90	669	6,735
Ohio	33,602	199,288	45,017	37,406	38.01	2,658	5,872,197	5,838	53,062	206,982
Oklahoma	7,735	53,681	12,570	9,158	26.34	917	994,540	969	2,848	44,454
Oregon	7,609	40,235	9,260	7,511	33.67	645	1,037,678	1,028	5,865	82,209
Pennsylvania	60,992	375,037	86,771	86,496	28.74	4,582	10,061,886	9,938	82,316	10/ 250,237
Puerto Rico	8/ 36,316	8/ 210,348	8/ 56,916	8/ 56,916	12.40	1,727	885,759	9/ 1,992	3,440	54,189
Rhode Island	7,892	41,612	9,397	8,428	30.15	1,803	1,035,512	973	4,260	46,729
South Carolina	9,275	48,356	10,723	9,033	27.39	653	1,018,066	1,007	3,291	85,114
South Dakota	659	4,147	958	781	29.14	1,300	90,167	92	364	14,661
Tennessee	8,857	78,414	18,389	14,961	26.93	104	1,647,052	1,588	6,287	83,460
Texas	27,020	174,485	38,110	32,939	29.47	2,013	3,999,394	3,981	12,223	238,275
Utah	3,083	25,211	6,007	4,498	36.85	323	684,677	688	42	38,803
Vermont	1,395	8,878	2,092	1,712	32.53	177	233,897	9/ 234	432	6,612
Virginia	5,234	36,399	8,230	6,669	27.57	1,051	778,503	770	4,496	132,212
Washington	20,690	131,170	31,221	27,227	31.49	14	3,571,616	3,569	7,007	205,972
West Virginia	6,331	43,254	9,730	8,245	24.03	762	812,865	812	1,928	58,934
Wisconsin	11,735	73,785	16,203	14,231	42.39	11/ 835	2,464,607	2,424	168	196,257
Wyoming	568	3,242	742	591	36.28	56	86,154	93	876	7,507

1/ Excludes transitional claims.

2/ Total includes claims taken as agent State by the Virgin Islands.

3/ Weekly data are adjusted for split weeks in the month on the basis of a 5-day workweek.

4/ A final payment is the payment for the last week of compensable unemployment in a benefit year, and indicates the exhaustion of benefit rights by a claimant for that benefit year. Because of the time lapse between the actual week in which the unemployment occurs and the date on which final payment is made, the monthly total includes some claimants who exhausted their rights in the preceding month but received their final payment in the reported month, and excludes some claimants who exhausted their rights in the reported month but will not receive their final payments until the succeeding month. Workers who exhaust their rights may be entitled to additional benefits when the following benefit year begins. The number of exhaustions is not indicative of the number who are still unemployed as some will have obtained employment and others may have withdrawn from the labor force.

5/ Unadjusted for voided benefit checks and transfers under interstate combined-wage plan. Includes $7,081,210 in payments under extended duration provisions of State laws in two States: California, $7,059,327; Puerto Rico, $21,883.

6/ Adjusted for voided benefit checks and transfers under interstate combined-wage plan.

7/ Includes amount credited to States' accounts in the unemployment trust fund, less withdrawals by the States, under the provisions of the Employment Security Administrative Financing Act of 1954.

8/ Includes data under the program for Puerto Rican sugarcane workers.

9/ Includes payments made under State temporary extended benefit provisions.

10/ Funds available reflect an advance from Federal account in Unemployment Insurance Trust Fund to: Alaska, $2,630,000 in January 1957, $2,635,000 in February 1958, $3,000,000 in July 1958, and $500,000 in January 1960; Michigan $113,000,000 in September 1958; Pennsylvania $96,440,000 in April 1959, $1,504,000 in May 1960, $4,056,000 in July 1960, $7,400,000 in March 1961, $1,800,000 in May 1961, and $800,000 in August 1961.

11/ Represents data on a "per employer" basis and is not strictly comparable with data for other States.

NOTE.—A separate monthly report, *Unemployment Insurance Statistics*, provides more detailed data on unemployment insurance activities. Copies of *Unemployment Insurance Statistics* are available upon request to Unemployment Insurance Service, Bureau of Employment Security, U.S. Department of Labor, Washington, D.C., 20210.

Selected Unemployment Insurance Statistics, Federal Programs,[1] August 1964

State	UCFE					UCX				
	Initial claims received [2]	Weeks claimed	Number of beneficiaries (weekly average)	Benefits paid [3]	Average weekly payments for all unemployment [4]	Initial claims received [2]	Weeks claimed	Number of beneficiaries (weekly average)	Benefits paid [3]	Average weekly payments for all unemployment [4]
Total, 53 States	9,722	109,595	24,875	$4,212,307	$37.43	25,986	184,894	41,080	$6,284,613	$35.54
Alabama	220	2,181	449	53,589	28.43	466	4,046	848	108,171	30.36
Alaska	54	1,032	265	42,513	38.13	25	176	36	6,013	39.82
Arizona	220	1,815	409	65,560	38.18	394	1,883	436	65,142	35.58
Arkansas	83	952	210	23,444	26.64	214	1,645	322	41,724	30.88
California	1,540	19,371	4,361	1,181,875	48.07	3,788	28,559	6,586	1,291,542	41.18
Colorado	64	508	92	15,249	39.51	261	1,487	312	52,358	40.00
Connecticut	50	604	122	20,236	39.37	267	1,729	354	53,083	35.67
Delaware	13	163	29	5,218	42.42	58	429	83	14,027	40.19
Dist. of Col.	245	3,865	1,134	207,792	43.62	96	901	224	35,929	38.18
Florida	189	1,826	276	34,344	29.63	783	4,420	978	129,357	31.48
Georgia	255	2,482	505	68,071	32.11	391	2,639	595	83,157	33.29
Hawaii	83	1,238	366	69,057	44.96	123	839	196	36,060	43.82
Idaho	30	216	43	5,821	32.52	70	363	89	13,215	35.33
Illinois	408	3,719	839	123,362	35.03	869	4,857	1,096	160,347	34.84
Indiana	92	777	156	21,172	32.57	516	2,883	583	79,409	32.41
Iowa	25	214	45	5,445	28.51	199	999	225	28,642	30.34
Kansas	54	521	109	17,695	38.64	252	1,422	317	50,595	38.04
Kentucky	147	2,051	354	49,997	33.60	443	4,794	993	148,396	35.58
Louisiana	113	1,669	423	57,250	32.22	337	2,847	679	95,837	33.63
Maine	29	351	63	6,270	23.75	37	679	140	18,815	32.11
Maryland	179	1,157	228	32,375	33.87	496	1,956	478	71,755	35.75
Massachusetts	324	6,238	1,600	300,012	44.63	610	5,261	1,380	226,147	39.02
Michigan	219	1,728	390	57,602	35.17	1,559	8,661	1,874	250,309	31.80
Minnesota	99	1,229	339	37,227	26.12	462	3,616	864	128,366	35.37
Mississippi	136	1,243	271	26,887	23.63	144	1,139	231	27,779	28.58
Missouri	136	2,206	485	64,486	31.67	523	3,188	742	105,792	33.96
Montana	45	412	92	11,830	30.49	57	381	80	10,369	30.86
Nebraska	32	392	105	14,562	33.10	60	438	105	14,940	33.95
Nevada	39	298	66	10,728	38.45	91	419	92	14,762	38.05
New Hampshire	46	520	186	32,868	42.14	91	499	110	18,961	41.22
New Jersey	246	2,570	428	77,329	43.06	826	5,983	1,204	203,070	40.16
New Mexico	213	1,873	381	47,626	29.78	244	1,418	285	39,422	32.88
New York	843	8,527	1,798	299,390	39.64	1,888	11,782	2,473	356,555	34.33
North Carolina	217	2,125	471	52,523	26.54	397	2,932	668	90,422	32.25
North Dakota	16	223	51	7,338	34.13	35	367	77	11,053	34.22
Ohio	232	2,598	675	107,419	37.88	1,325	9,900	1,947	287,624	35.17
Oklahoma	119	2,109	456	51,706	27.00	270	2,719	568	71,191	29.84
Oregon	129	795	165	24,517	35.38	365	1,677	387	61,840	38.08
Pennsylvania	446	6,860	1,691	213,018	29.99	1,903	15,089	3,414	487,351	33.99
Puerto Rico	66	1,317	282	39,150	33.04	431	5,357	1,132	173,196	36.43
Rhode Island	38	536	118	17,641	35.49	153	994	234	32,003	32.59
South Carolina	125	1,199	255	32,860	30.68	216	1,611	355	50,188	33.62
South Dakota	42	383	96	12,599	31.19	57	305	68	9,077	31.63
Tennessee	191	2,097	399	53,382	31.83	441	4,336	964	126,216	31.16
Texas	474	5,107	1,235	168,366	32.45	1,159	9,191	2,273	327,539	34.30
Utah	165	1,636	357	55,635	37.07	152	1,146	246	35,533	34.43
Vermont	15	124	16	2,698	39.10	57	291	59	8,861	35.73
Virginia	221	1,543	268	37,069	32.95	285	1,969	390	54,179	33.12
Virgin Islands	17	34	7	768	25.60	10	24	4	588	34.59
Washington	582	5,519	1,401	206,756	35.13	1,217	6,613	1,474	226,360	36.57
West Virginia	53	483	103	9,067	20.89	460	4,337	980	123,198	29.93
Wisconsin	84	787	175	28,445	38.81	397	3,527	796	123,094	36.81
Wyoming	19	172	32	4,468	33.34	16	171	35	5,054	34.38

1/ The programs for Federal civilian employees (UCFE) and for ex-servicemen (UCX), established under Title XV of the Social Security Act, became effective January 1, 1955 and October 27, 1958, respectively. Data exclude information on claims filed jointly with State unemployment insurance programs.

2/ Includes transitional claims.

3/ Unadjusted for voided benefit checks and transfers under interstate combined-wage plan. UCFE includes $301,427 in payments under extended duration provisions of State laws in California. UCX includes $152,333 in payments under extended duration provisions of State laws in California.

4/ Includes data for total, part-total, and partial unemployment. Separate data for total unemployment are not available.

INCOME-MAINTENANCE PROGRAM OPERATIONS

	1964		1963	
	July	June	July	June
Total Public Income-Maintenance Payments (millions)	$2,945	$2,924	$2,806	$2,799
Old-age, survivors, and disability insurance	1,353	1,356	1,292	1,297
Railroad and public employee retirement	1/439	1/436	1/406	1/406
Unemployment insurance, temporary disability insurance, workmen's compensation, training benefits (ARA and MDTA)	2/386	2/385	2/390	2/378
Veterans' compensation and pension programs	343	326	329	327
Public assistance	423	423	390	391
Old-Age, Survivors, and Disability Insurance				
Total beneficiaries (thousands)	19,546	19,452	18,687	18,588
Retired workers	10,539	10,482	10,093	10,037
Survivors and dependents	8,138	8,108	7,797	7,760
Disabled workers	868	862	795	790
Total monthly benefits (millions)	3/$1,304	3/$1,296	3/$1,234	3/$1,226
Retired workers	815	810	774	769
Survivors and dependents	410	408	388	385
Disabled workers	79	78	72	71
Public Assistance				
Total recipients (thousands)	7,860	7,889	7,573	7,604
Federally aided programs	7,160	7,182	6,807	6,829
Aid to families with dependent children	3,143	3,159	2,932	2,952
Total recipients	4,191	4,215	3,911	3,934
Old-age assistance	2,177	2,182	2,191	2,199
Other federally aided programs	792	785	705	696
General assistance: Cases	321	325	324	329
Recipients	700	707	766	775
Total payments (millions)	4/$423	4/$423	4/$390	4/$391
Federally aided programs	394	393	360	360
General assistance	21	21	21	21

Operations Under Area Redevelopment and Manpower Development and Training Acts

	Total		ARA		MDTA	
	August 1964	July 1964	August 1964	July 1964	August 1964	July 1964
Total paid trainees	33,035	(5/)	6/4,517	(5/)	28,528	7/24,319
Youths	5,473	4,308	NA	NA	5,473	7/4,308
Total net benefits	$4,396,625	$3,738,432	$329,208	$337,039	$4,067,417	7/$3,401,393
Training allowances	3,300,408	2,834,869	329,208	337,039	2,971,200	2,497,830
Youth allowances	374,410	286,726	NA	NA	374,410	286,726
Subsistence allowances	509,352	424,552	NA	NA	509,352	424,552
Transportation allowances	212,455	192,285	NA	NA	212,455	192,285

Temporary Disability Insurance Activities Under State and Railroad Programs

	First claims received		Weeks compensated		Benefits paid		Benefits paid	
	August 1964	July 1964	August 1964	July 1964	August 1964	July 1964	August 1963	July 1963
California								
State plan								
Basic benefits	44,553	(5/)	273,587	(5/)	$14,417,452	(5/)	$13,830,506	$15,138,479
Additional hospital benefits	8/26,882	(5/)	9/191,333	(5/)	2,295,996	(5/)	2,375,676	2,432,268
Private plans	2,716	(5/)	(5/)	(5/)	(5/)	(5/)	(5/)	(5/)
New Jersey								
State plan	6,719	7,042	51,366	54,034	1,946,993	$2,050,519	1,900,495	1,806,846
Private plans	(5/)	(5/)	(5/)	(5/)	(5/)	(5/)	(5/)	(5/)
New York	(5/)	(5/)	(5/)	(5/)	(5/)	(5/)	(5/)	(5/)
Rhode Island	3,217	3,285	24,965	27,964	855,682	950,436	866,806	921,032
Railroad								
Sickness	11,802	28,688	10/113,746	11/93,012	4,063,305	2,859,639	4,591,280	2,762,943
Maternity	140	139	10/2,462	11/2,424	174,691	164,742	213,045	200,931

1/ Data not comparable with earlier reports. Effective January 1964, Federal noncontributory and State and local retirement systems previously included with the data for unemployment insurance, temporary disability insurance, and workmen's compensation are included with railroad and public employees retirement systems (revised figures also shown for June and July 1963).

2/ Data for temporary disability insurance and workmen's compensation include estimated payments made by private insurers and self-insurers in accordance with law.

3/ Current payment status, excludes lump sum and retroactive payments and adjustments for over and under payments.

4/ Total exceeds sum of items because of inclusion of vendor payments, not shown in detail.

5/ Data not available.

6/ Data in prior issues represented number of persons enrolled in training around the first of the month; beginning with this issue, data represent number of persons enrolled at some time during the month and who received one or more checks.

7/ Revised data.

8/ Represents the number of payments made.

9/ Days for which additional hospital benefits were paid.

10/ Estimated from data "benefit periods" compensated which number 56,873 for sickness and 1,231 for maternity.

11/ Estimated from data "benefit periods" compensated which number 46,506 for sickness and 1,212 for maternity.

NA--Not applicable.

The Unemployment Insurance Committee in session at the ISSA General Assembly.

ISSA—Conclusions Adopted at 15th General Assembly

THE FIFTEENTH General Assembly of the International Social Security Association (ISSA), an organization of more than 200 social security agencies in 89 countries engaged in administering public social security programs, was held in Washington, D.C., September 26 through October 3, 1964. The programs administered by the members cover more than half of a billion persons. The membership of the Association includes Government agencies, such as the U.S. Social Security Administration, that have responsibility for one or more branches of social security, quasi-autonomous central institutions or funds administering social security programs, national unions of such institutions, and mutual benefit societies. The Social Security Administration has been a member of ISSA since 1957. The Railroad Retirement Board and the State Insurance Fund of Puerto Rico (which administers a workman's compensation program) are also United States members.

The purpose of ISSA is to "facilitate cooperation at the international level in the protection, promotion, and development of social security throughout the world, by means of its technical and administrative improvement." This aim is translated into action through various types of meetings and through the exchange of documenta-

tion and information, comparison of experience, and mutual technical assistance among its members.

The principal organs of the ISSA are a Bureau, a Council, and a General Assembly. The Bureau serves as the managing board and meets at least once a year. The U.S. Commisisoner of Social Security has been a member of the Bureau since shortly after the Social Security Administration joined the organization. The Council contains one delegate from each country represented in the ISSA and meets only when the General Assembly meets. Its main functions are to see that the decisions of the General Assembly are put into effect, to fix dates and agendas for future meetings, to elect the Association's officers, and to admit new members. The General Assembly, which consists of delegates (a maximum of five) from each member organization, now meets every 3 years to review the ISSA's substantive work and to conduct technical discussions on numerous aspects of social security.

At the 1964 General Assembly, Assistant Secretary of Labor George L-P Weaver participated as a member of the U.S.A. delegation. William F. Lush, Director, Office of State Operations of the Unemployment Insurance Service, served as technical adviser on unemployment insurance to Mr. Weaver.

The Assembly has nine permanent committees including one on Unemployment Insurance, of which Mr. Raymond Etienne of Belgium is the Chairman and Mr. James McGregor of Canada the Vice Chairman. The Unemployment Insurance Committee held its eighth meeting on September 29 and 30, 1964. Official observers attending the meeting included William U. Norwood, Jr., Director, and Forest L. Miller, Deputy Director, of the Unemployment Insurance Service, Bureau of Employment Security, U.S. Department of Labor.

Among the topics reported by the Unemployment Insurance Committee were: Administrative problems of partial unemployment, particular aspects of unemployment insurance for seasonal workers, and administrative problems arising from the relationships between an unemployment insurance benefit and benefits granted under other branches of social security (such as sickness insurance, invalidity insurance, and old-age insurance). The conclusions of the committee on all three of these reports were accepted by the General Assembly for the Association.

Partial Unemployment

The report on administrative problems of partial unemployment was prepared by Mr. Hugo Amberg and presented by Mr. Max Holtzer, both from Switzerland. The Committee noted that "partial unemployment exists in cases where previous normal or regular working hours for the factory or the worker as provided for in the employment contract are temporarily reduced by more than a certain minimum amount owing to lack of work due to economic causes or force majeure and where the earnings are reduced as a result" and adopted the following conclusions:

1. Notwithstanding difficulties in distinguishing it from total unemployment and other forms of part-time employment, partial unemployment calls for protection by means of an insurance or a relief scheme, in so far as there are not already in existence compensation schemes which take into account the particular forms of partial unemployment.

2. Compensation for partial unemployment gives rise to its own special administrative problems, which can be dealt with by special provisions within the framework of the general scheme of protection, or independently of that scheme.

3. Partial unemployment due to weather factors constitutes a special kind of partial unemployment that can be handled under further special regulations unless employers and employees already have available compensation schemes which take account of this particular type of partial unemployment.

4. Schemes of protection for partial unemployment should not be called upon to meet claims where the employer is legally or contractually required to compensate for loss of earnings, or does so voluntarily.

5. Foreseeable and avoidable interruptions in the work process should not lead to immediate cuts in working hours but should in the first instance be dealt with by the employer through organisational measures; the worker may reasonably be expected to recognise the employer's efforts to avoid dismissals and therefore to help him so far as possible to tide over periods of shortage of work.

6. National legislation determines whether the employer is free to decide on his own on the introduction of short-time, or whether he has to consult the authorities or the occupational organisations.

7. Unlimited and uncontrolled compensation for partial unemployment can have drawbacks; it may give the employer an opportunity to permanently have available large numbers of workers who could perhaps be fully employed elsewhere; legal provisions should therefore limit the period of benefit payment and determine the minimum period of paid employment qualifying for benefit.

8. Entitlement to benefit in respect of partial unemployment does not relieve the worker of his obligation to accept at any time suitable full-time employment elsewhere, and, generally speaking, the benefit should not be

fixed at such a level as to constitute an obstacle to the placement of such a worker elsewhere.

9. Compensation for partial unemployment should always be based on the principle that existing employment relationships should be maintained so that the period of shortage of work can be tided over at least for some time.

Seasonal Workers

Concerning the particular aspects of unemployment insurance for seasonal workers, the committee, following a report prepared by Mr. Fotis Hadjidimitriou of Greece, adopted the following 12 conclusions:

1. The needs of production, climatic conditions and even consumer habits may habitually limit employment to one or several periods of the year. Such circumstances require the employment of seasonal workers.

2. Seasonal workers are thus more exposed than other workers to the risk of unemployment and must consequently enjoy protection against unemployment in the conditions indicated in the following paragraphs:

3. This protection can be given either within the framework of a general scheme of compulsory or optional insurance or by means of a combination of both.

4. In the case of a compulsory scheme, any worker engaged in seasonal work should, for technical and administrative reasons, be covered by this scheme, with the exception of workers engaged in occupations expressly determined beforehand, and which are normally only occasional.

5. With respect to the financing of benefits payable to seasonal workers, the short duration of seasonal work as well as the fact that such work is performed for small undertakings which frequently move and whose staff are constantly changing, may give rise to difficulty and special problems connected with the calculation and collection of contributions as well as supervision, thus requiring appropriate organizational and procedural measures and when necessary higher contributions to take account of the greater risk; contributions can also be determined according to a flat rate.

6. In establishing the conditions for the protection given to seasonal workers within the framework of an insurance scheme, namely the conditions for acquiring entitlement to benefits, the duration and the amount of compensation. The special problems involved should not be neglected and each country should adopt its system to its own conditions.

7. With a view to such adaption each country should take into account its economic structure, the situation of the employment market, the social protection required the essentially social character of social security schemes as well as the structure and degree of development of the general provision of social assistance.

8. In this sense and in the face of a contradiction reflected both in doctrine and in law, between the strict concept of insurance and that of social responsibility toward the needy individual, special and appropriate measures should be taken in order, on the one hand, to help provide a livelihood for persons deprived of work during the off season and, on the other hand, to avoid taking the principle of solidarity so far that the principle of individual responsibility is abolished.

9. If the insurance scheme limits compensation of seasonal workers to the customary period of work, it is desirable that the conditions giving rise to entitlement to benefit should be more favorable than the normal conditions and an assistance scheme should provide for the means of livelihood for such workers during other periods of the year when they are unemployed through no fault of their own. In the absence of an adequate assistance scheme, efforts should be made, as far as possible and in accordance with the particular conditions of each country, to provide minimum protection even during the off season, in an appropriate form within the framework of an unemployment insurance scheme.

10. Any protection against unemployment granted to a seasonal worker must be subject to the condition that the applicant proves that he is fit and willing to accept suitable employment in accordance with the regulations applying in each country.

11. Especially in countries where there is a very high level of seasonal unemployment, the accumulation of claims from seasonally unemployed workers at the beginning of the season calls for special administrative efforts and regulations and suitable procedures to permit of the claims being settled as quickly as possible.

12. In addition to the protection provided to seasonal workers by schemes of compulsory insurance and of social welfare, the competent authorities should take and apply appropriate measures to provide such workers with freely chosen productive employment, either through occupational and geographical mobility of the excess manpower, or by giving the unemployed persons concerned additional or occasional work, if necessary financed out of the funds of the unemployment insurance scheme.

Relationships Between Unemployment Insurance and Other Social Insurances

The report on the administrative problems arising from the relationships between an unemployment insurance benefit and benefits granted under other branches of social security was prepared by Elizabeth M. Kemp-Jones, Assistant Secretary, Ministry of Pensions and National Insurance of Great Britain. This report was discussed and adopted by the committee in Geneva, Switzerland, in September 1963 and was submitted direct to the Genreal Assembly. The following conclusions were adopted:

1. Insurance contributions for unemployment benefit are collected together with contributions for another benefit or group of benefits under the social insurance system where the authority responsible for unemployment benefit is also responsible for the other benefit or group of benefits. Where the unemployment insurance authority is not responsible for any other benefit under the social

insurance system, it has been found possible in many cases to make arrangements which link the collection of unemployment insurance contributions with contributions for other benefits, in particular, with contributions for sickness benefit. This is easier to arrange where, as is mostly the position, all persons insured for unemployment benefit are also insured for other benefits under the country's social insurance system.

2. Where an authority is responsible for all benefits or a group of benefits under the social insurance system, the machinery for deciding disputed claims for unemployment benefit applies also to disputed claims for other benefits. In countries where there is a separate authority for unemployment insurance decisions on disputed claims for unemployment benefit and for other benefits under the social insurance system are in some instances given, on appeal, at a higher level by one board or court.

3. Where the provisions of the unemployment insurance scheme excluded the payment of that benefit during periods when benefit is in payment in respect of incapacity, administrative arrangements are, in general, needed to prevent concurrent payment of the two benefits. In most schemes, considerable reliance is placed on a declaration to be made by the insured person as to other benefits and also on the claiming of unemployment benefit in person at the appropriate office. In addition, most schemes adopt one or more of the following methods of preventing concurrent payment of unemployment benefit in respect of incapacity:

(i) payment of both benefits at the same office or by the same authority;

(ii) the maintenance of a central record of claims for both benefits;

(iii) the use of an insurance document which must be presented and surrendered when either benefit is claimed;

(iv) the use of a health insurance book which must be certified by the unemployment insurance authority for periods when unemployment benefit is paid;

(v) regular check of unemployment benefit claims against the claims record maintained by the authorities responsible for benefits in respect of incapacity;

(vi) use of the arrangements made for maintaining the insured person's contribution record during periods of unemployment and sickness for the detection of periods when unemployment benefit and benefit in respect of incapacity have both been paid;

(vii) requiring the frequent personal appearance of the insured person claiming unemployment benefit at the unemployment insurance or placement office.

4. In most countries, procedures have been adopted which protect the benefit position of the insured person whose capacity for work is doubtful or who falls sick whilst he is in receipt of unemployment benefit or who is unemployed when sickness or invalidity benefit ceases. In general, these provisions have secured an integrated and comprehensive insurance cover for the insured person who suffers sickness during unemployment or is without work on recovering his health. For this purpose one or more of the following arrangements have been made:

(i) the decision of the sickness or invalidity benefit authority may be accepted as binding for the purposes of unemployment benefit or, more unusual, the reverse procedure may be adopted;

(ii) the decision on incapacity or capacity for work may be given by a public health authority and accepted for the purposes of unemployment, sickness and invalidity benefit;

(iii) unemployment benefit may be continued in payment until a decision is given on the claim for sickness benefit or invalidity benefit is decided;

(iv) unemployment benefit may be continued during the first days of sickness for which benefit is not payable;

(v) unemployment benefit may continue in payment to the unemployed person who falls sick but is not entitled to sickness or invalidity benefit;

(vi) provision may be made in the scheme or schemes that where sickness follows unemployment, and vice versa, benefit is payable from the first day of incapacity or unemployment, in other words, waiting days for benefit are not imposed;

(vii) special procedures may be adopted to secure that the insured person receiving sickness benefit who recovers to the extent of being considered capable of certain, perhaps limited, work, is transferred smoothly to unemployment benefit with a view to placing him in suitable employment.

5. In a number of countries, unemployment benefit may be paid in addition to invalidity benefit. In the great majority of these no special difficulties have been encountered in administering unemployment benefit to persons in receipt of invalidity benefit. Difficulties which can arise, to which attention has been drawn, are:

(i) the need for special procedures and examinations to ensure that persons in receipt of invalidity benefits are, in fact, capable of work for the purposes of unemployment insurance;

(ii) the problem of determining the willingness to work of such insured persons, which it may be difficult to put to the test by offering them work, particularly in time of economic recession when employers may be reluctant to employ such persons; and

(iii) the fact that the total amount of pension and benefit may be sufficiently high to reduce the incentive to work and so hamper efforts to place them in employment.

6. A variety of procedures has been adopted for maintaining insurance cover for other benefits while unemployment benefit is in payment, and for maintaining insurance cover for unemployment benefit while benefit in respect of incapacity is in payment. Such procedures, in general, ensure that the worker who can still be regarded as attached to the labour force does not (a) lose his right to sickness or invalidity benefit or suffer a reduction in the rate of old-age pension on account of unemployment or (b) lose his right to unemployment benefit on account of incapacity for work. The methods adopted include:

(i) fully maintaining the insurance record for other benefits while one benefit is in payment or, another way of securing the same result;

(ii) crediting contributions for other benefits while one benefit is in payment;

(iii) leaving out of account in deciding title to one benefit periods when another benefit is drawn;

(iv) payment of contributions by the fund paying benefit, to another fund, in order to maintain the insured person's contribution record for benefits under the other fund; and

(v) deduction from unemplyoment benefit of contributions for another benefit and payment of these contributions i.e. by the unemployment insurance fund to the authority responsible for the other benefit.

7. No administrative difficulties have arisen on account of it being made advantageous to the insured person to receive unemployment benefit instead of sickness benefit. Unemployment benefit is not normally payable at a higher rate than sickness benefit.

8. Difficulties can arise, to which there is no easy solution, in the payment of unemployment benefit to elderly workers whose attachment to the labour force may be doubtful, and who are near or over the age for old-age pension. The difficulties arise mainly because employers generally, and particularly in times of recession, may be reluctant to employ elderly workers in the absence of special circumstances. Difficulties are most likely to arise in relation to:

(a) Persons who have lost their regular employment and are unemployed for a considerable period before reaching normal minimum pension age;

(b) Unemployed persons receiving private pensions (or other payments) in respect of former employment who have not yet reached normal minimum pension age and remain eligible for unemployment benefit; and

(c) Persons receiving old-age pensions where unemployment benefit is payable in addition to old-age pension.

In a number of schemes the problem at (a) is to some extent met by enabling the worker near normal minimum pension age, who has been unemployed for a prolonged period, to receive old-age pension (in place of unemployment benefit) before reaching normal minimum pension age. In other schemes it is open to the insured person who has reached normal minimum pension age not to claim pension at that age but, instead, if he continues in employment, to receive pension at a higher rate at a later age and unemployment benefit during periods when he is without work. One solution to the problem at (b) is to exclude from unemployment insurance the elderly person in receipt of pension in respect of former employment if his private occupational pension is sufficient for maintenance. Difficulties which can arise where unemployment benefit is payable in addition to old-age pension to which attention has been drawn are:

(i) the problem of determining whether the insured person is, in fact, a member of the labour force, made more difficult by the reluctance of some employers to engage older workers;

(ii) unemployment benefit and old-age pension together may represent a very high rate of social insurance benefit and so reduce the insured person's incentive to take work;

(iii) where there is no fixed age for leaving the unemployment insurance scheme, it is difficult to determine the age at which a person in receipt of old-age pension should no longer be regarded as eligible for unemployment benefit.

9. No difficulties have arisen in the administration of unemployment insurance in relation to widows receiving widow's pension or widow's benefits.

Unemployment Benefits

Thirty-two countries now possess some form of statutory unemployment insurance or related program. The majority are in Europe; a program exists in every country of Western Europe except Portugal, and in East Germany, Hungary, and Yugoslavia. In Asia and Oceania, only Australia, Japan, and New Zealand have programs; in Africa, only Algeria and South Africa; and there is also a system in Cyprus and a limited one in Iraq. Aside from Canada and the United States, the only American countries with even limited programs are Chile, Ecuador, and Uruguay. It is apparent that unemployment benefit programs have so far been established mainly in the more industrialized countries.

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Social Security Bulletin, September 1964

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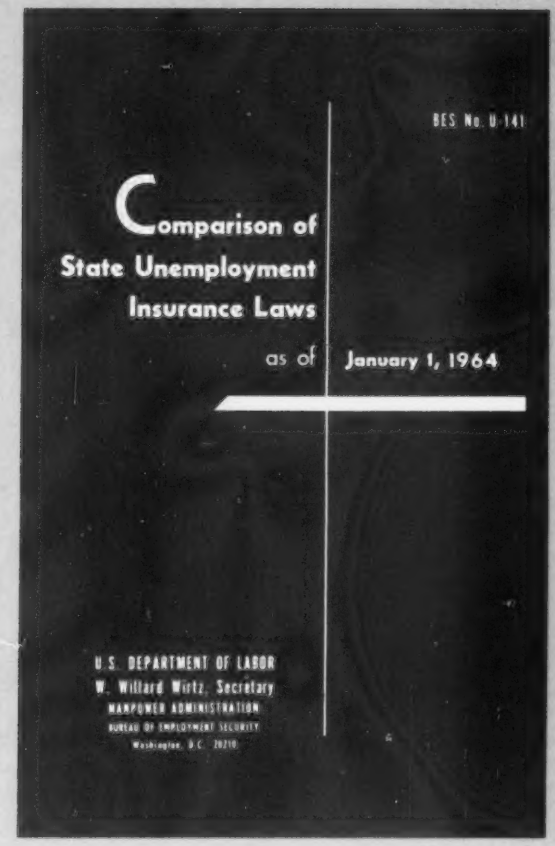

Comparison of State Unemployment Insurance Laws, as of January 1, 1964, **summarizes and compares significant provisions of unemployment insurance laws of the 50 States, District of Columbia, and Puerto Rico.**

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